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Transcript Exhibit(s)

AZ CORP COMMISSION  
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Docket #(s): G-01551A-13-0327

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Arizona Corporation Commission

**DOCKETED**

AUG 12 2014

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Exhibit #: SWG1 - SWG3, G1 - G6

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Docket No. G-01551A-13-0327

**Richard Gayer**

Complainant

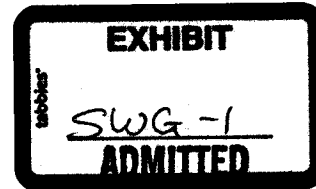
v.

**Southwest Gas Corporation**

Respondent

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Exhibit No. \_\_\_\_\_



**SOUTHWEST GAS CORPORATION**

**PARTIAL SETTLEMENT AGREEMENT**

**Richard Gayer v. Southwest Gas Corporation (Docket No. G-01551A-13-0327)**  
**Partial Settlement Agreement**

The parties have been able to resolve all but one of Mr. Gayer's claims set forth in his Formal Complaint filed against Southwest Gas Corporation ("Southwest Gas") on September 24, 2014 (Docket No. G-01551A-13-0327) (the "Complaint"). The parties have agreed as follows:

1. Southwest Gas will amend its tariff pages to reflect its use of the linear regression analysis, metered use cap (i.e. upper limit rule), and zero use floor (i.e. lower limit rule) as secondary mechanics or checks in calculating the monthly weather adjustment ("MWA").
2. Southwest Gas will publish on its website the 10-year averages used for normal heating degree days ("HDD") in the calculation of the MWA, which averages were approved as part of Southwest Gas' last general rate case.
3. Southwest Gas will continue to use the actual HDD information it has historically used in the calculation of the MWA from the vendor of its choice, and should not be required to use this information as posted by the National Weather Service/NOAA.
4. Within 60 days of the decision in this proceeding, Southwest Gas will make a filing in this docket indicating steps it will take to communicate clearly and quickly with customers who wish to understand how the details of the decoupling components of their bills, including the MWA, have been calculated.
5. Southwest Gas will revise its Arizona rates and regulation page on its website to provide additional content for its customers regarding revenue decoupling. Within 120 days of the decision in this proceeding, Southwest Gas will file a report in this docket to identify the changes it has made to its website. The Staff of the Arizona Corporation Commission will then have 30 days to file a letter in this docket stating whether they believe the updated information included on the Arizona rates and regulation page of Southwest Gas' website provides the necessary information for Arizona customers to understand revenue decoupling and how the calculation works.
6. The only remaining claim or relief request in Mr. Gayer's Complaint relates to his request for an order directing Southwest Gas to itemize all customer bills, including a line item for the MWA, subject to actual individual requests for a simplified bill. Mr. Gayer's Complaint will be withdrawn with respect to all other claims and relief requests.

Docket No. G-01551A-13-0327

**Richard Gayer**

Complainant

v.

**Southwest Gas Corporation**

Respondent

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Exhibit No. \_\_\_\_\_



**SOUTHWEST GAS CORPORATION**

**PREPARED DIRECT TESTIMONY OF  
EDWARD GIESEKING  
FILED MAY 27, 2014**

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
Docket No. G-01551A-13-0327

PREPARED DIRECT TESTIMONY  
OF  
EDWARD GIESEKING

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

May 27, 2014

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of  
Edward Giesecking

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BEFORE THE ARIZONA CORPORATION COMMISSION

Prepared Direct Testimony  
of  
Edward Giesecking

**I. INTRODUCTION**

Q. 1 Please state your name and business address.

A. 1 My name is Edward Giesecking. My business address is 5241 Spring Mountain Road, Las Vegas, Nevada 89150.

Q. 2 By whom and in what capacity are you employed?

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or the Company) in the Pricing and Tariffs department. My title is Director.

Q. 3 Please summarize your educational background and relevant business experience.

A. 3 My educational background and relevant business experience are summarized in Appendix A to this testimony.

Q. 4 Have you previously testified before any regulatory commission?

A. 4 Yes, I have previously testified before the Arizona Corporation Commission (ACC or Commission), Public Utilities Commission of Nevada, California Public Utilities Commission, and the Federal Energy Regulatory Commission.

Q. 5 What is the purpose of your prepared direct testimony in this proceeding?

A. 5 I will address matters regarding the Company's Arizona customer bill format and the application of the Monthly Weather Adjustment, or Monthly Component, of the Energy Efficiency Enabling Provision (EEP) of the Company's Arizona Gas Tariff.

Q. 6 Please summarize your prepared direct testimony.

1 A. 6 My prepared direct testimony consists of the following key issues:

- 2 • The calculation of the weather adjustment to customer bills is in
- 3 compliance with the Company's tariff.
- 4 • The development of the EEP and the related tariff.
- 5 • Efforts to address customer inquiries and the result of those efforts.
- 6 • The consistency of the process and method used to calculate the
- 7 monthly weather adjustment for each customer which results in all
- 8 customers receiving fair and equitable treatment.
- 9 • The rational and process that Southwest Gas employs when
- 10 modifying the presentation of its bills for service.
- 11

12 **II. MONTHLY WEATHER ADJUSTMENT**

13 Q. 7 When did Southwest Gas implement the monthly weather adjustment  
14 mechanism?

15 A. 7 The monthly weather adjustment mechanism was approved as a component  
16 of the EEP in the Company's last general rate case decision (Decision No.  
17 72723) and was implemented January 2013 along with the revised rates  
18 approved in the general rate case. The monthly weather adjustment  
19 mechanism, in combination with the annual decoupling provision of the EEP,  
20 ensures that the Company only recovers the Commission authorized margin  
21 per customer.

22 Q. 8 What is the purpose of the monthly weather adjustment?

23 A. 8 While the overall purpose of the EEP is to ensure that the Company only  
24 recovers the Commission authorized margin per customer, the monthly  
25 weather adjustment provision also provides bill relief to customers during  
26 times of colder than normal weather. It was also understood that when  
27 weather was warmer than normal, such a mechanism would increase bills to



1 account for lower than normal gas consumption.

2 Q. 9 When did the Company bring the concept of a monthly weather adjustment  
3 proposal to the Commission for consideration?

4 A. 9 The Company first proposed a margin decoupling mechanism, which  
5 included decoupling from weather, in its 2004 general rate case. Then in its  
6 2007 general rate case, the Company proposed a mechanism that contained  
7 a monthly weather adjustment and an annual decoupling adjustment.  
8 Pursuant to a Commission directive in its Order in the Company's 2007 rate  
9 case, the parties participated in workshops to study decoupling options. The  
10 Commission then conducted a rulemaking that resulted in a Commission  
11 Policy Statement that addressed the Commission's position on decoupling.  
12 The currently effective weather adjustment mechanism was proposed by the  
13 Company in its 2011 rate case application where the proposal was  
14 scrutinized by the rate case participants. The rate case did not go to hearing  
15 as all but one of the rate case participants were able to negotiate a  
16 settlement of the issues. However, it is noteworthy that the settling parties  
17 presented settlement options to the Commission, with and without a monthly  
18 weather adjustment mechanism, and the Commission approved the option  
19 with the monthly weather adjustment mechanism.

20 Q. 10 Where does Southwest Gas gather the data to perform the monthly weather  
21 adjustment?

22 A. 10 The weather adjustment calculation is based on the difference between the  
23 actual weather and the normal weather during each customer's relevant  
24 billing period. In order to perform the calculation and make the adjustment in  
25 real time on the customer's current bill, the Company uses next-day actual  
26 weather data provided by a commercial weather subscription service.

27 Q. 11 Does Southwest Gas make this weather data available to customers?

1 A. 11 Yes. The cumulative weather data used to compute the weather adjustment  
2 is available in the Company billing records. The actual daily data that is  
3 accumulated for each customer billing cycle can be obtained directly from  
4 Southwest Gas upon request. In fact, this information has been provided to  
5 Mr. Gayer every time he has requested.

6 Q. 12 Is this weather data available from any other source?

7 A. 12 Yes. Weather data is also available directly from the National Oceanic  
8 Atmospheric Administration (NOAA). However, NOAA weather data for  
9 some weather stations used in the calculation is sometimes not available until  
10 several days after the weather day, and NOAA data may vary slightly from  
11 the next-day commercial data.

12 Q. 13 In addition to the normal and actual weather data, what other information is  
13 required to perform the weather adjustment calculation?

14 A. 13 To complete the weather adjustment calculation and analysis, the customer's  
15 base load daily volume and recent two years winter billing consumption and  
16 weather is also required.

17 Q. 14 Is this information available to customers?

18 A. 14 Yes. Southwest Gas provides this information to any customer upon request.  
19 In fact, this information has been provided to Mr. Gayer every time he has  
20 requested.

21 Q. 15 How is this information used by Southwest Gas in calculating the monthly  
22 weather adjustment?

23 A. 15 This information is used to determine individual customer weather sensitive  
24 gas use and to develop a correlation between weather and individual  
25 customer gas consumption.

26 Q. 16 Is the monthly weather adjustment calculation included in the Company's  
27 tariffs?

1 A. 16 Yes. The general nature of the mechanism, along with a high level  
2 discussion of the process, is included in the Company's Arizona Gas Tariff  
3 No. 7, Sheet Nos. 92-93.

4 Q. 17 Does Southwest Gas consider any secondary mechanics, or checks and  
5 balances, to ensure that monthly weather adjustments account only for those  
6 consumption variations that are associated with the weather during the  
7 applicable billing cycle?

8 A. 17 Yes.

9 Q. 18 How does the Company utilize these secondary checks and balances?

10 A. 18 The purpose of the monthly weather mechanism is to adjust customer bills so  
11 that customers' delivery service usage charges are what they would have  
12 been if actual weather matched normal weather. If actual weather is colder  
13 than normal and customer usage increases, there is a downward adjustment  
14 to the usage portion of customer bills to replicate normal use. If actual  
15 weather is warmer than normal, bills are adjusted upward.

16 To accomplish these adjustments the Company analyzes customer  
17 consumption behavior as it relates to changes in weather by reviewing billing  
18 data history and applying adjustments to current metered usage. However,  
19 sometimes customer usage changes for reasons other than changes in  
20 temperature and the correlation between usage and weather does not  
21 accurately account for current billing changes. For example, a residential  
22 customer who does not regularly use their pool heater might decide to heat  
23 their pool for a special occasion. This would result in a large use of natural  
24 gas that is not correlated with the difference between actual and normal  
25 weather, which could then potentially result in a large weather adjustment on  
26 the customer's bill that is not related to weather variations.

27 Therefore, to guard against these large unintended changes in

1 customer bills and to help ensure that the monthly weather adjustment is only  
2 adjusting for weather sensitive changes in customer consumption, the  
3 weather mechanism employs various checks and balances. For example,  
4 downward adjustments when weather is colder than normal are limited to  
5 metered volumes to prevent bills with negative usage. In addition, upward  
6 adjustments are limited such that no customer adjustment will exceed the  
7 metered usage. Yet another check and balance compares the current month  
8 use calculation to a longer range statistical correlation, or regression  
9 analysis, to look at the relationship between customers' usage and weather  
10 over two winter seasons to ensure the Company is only adjusting bills to  
11 account for differences in use related to deviations from normal weather.  
12 While these checks and balances are not necessary components of the EEP,  
13 the Company believes they help ensure that the monthly adjustments are  
14 more reflective of changes in weather sensitive consumption.

15  
16 **III. SOUTHWEST GAS' ENERGY EFFICIENCY ENABLING PROVISION**

17 Q. 19 Did Southwest Gas review other weather normalization tariffs when  
18 developing its tariff proposal?

19 A. 19 Yes. The Company surveyed several tariffs prior to developing its tariff  
20 proposal. While some tariffs contain detailed descriptions of their weather  
21 calculations, others included little discussion of the weather normalization  
22 process. Questar Gas, which has had a weatherization normalization  
23 adjustment for nearly two decades, has one of the more detailed tariff  
24 provisions. The Company's mechanism is very similar to Questar's and the  
25 Southwest Gas tariff was drafted to closely match the Questar tariff.

26 Q. 20 Does the Questar tariff specifically mention any check and balance measures  
27 that are employed to ensure that the weather normalization adjustment only

1 adjusts customer bills for deviations from normal weather?

2 A. 20 No.

3 Q. 21 Do you know whether Questar considers any secondary checks and  
4 balances when determining the appropriate weather normalization  
5 adjustment?

6 A. 21 Yes. Questar utilizes a regression analysis check when determining this  
7 adjustment as well as adjustment limits to address situations where the  
8 calculated weather adjustment exceeds logical bounds due to some anomaly.

9 Q. 22 Is it uncommon for utilities to have billing processes and provisions approved  
10 in Commission Orders that are not detailed in its applicable tariffs?

11 A. 22 No. For example, the accounting and rate calculation for the Company's  
12 Demand Side Management program surcharge and its Customer Owned  
13 Yard Line replacement program are not explicitly mentioned or detailed in its  
14 Arizona Gas Tariff. Another example is the calculation of the Southwest Gas  
15 Monthly Gas Cost. While the process is generally discussed in the  
16 Purchased Gas Cost Adjustment Provision, similar to the EEP, not all of the  
17 details of the monthly gas cost calculation are described in the Company's  
18 Arizona Gas Tariff.

19 Q. 23 Why didn't Southwest Gas specifically describe the secondary checks and  
20 balances in its tariff?

21 A. 23 One of the challenges Southwest Gas faced in implementing the monthly  
22 weather adjustment was to balance the presentation of information to its  
23 customers in such a way that customers were adequately informed about the  
24 mechanism, but were not presented with technical issues that misled and  
25 confused them. It was determined that for tariff purposes a high level  
26 discussion was more appropriate to introduce the concept and mechanism.  
27 However, it was also recognized that some customers may want to know

1 more of the details and perhaps want to perform the calculations and analysis  
2 themselves. As a result, when customers ask for additional details regarding  
3 the calculations and analysis, the Company has always accommodated their  
4 requests.

5 Q. 24 Is the Southwest Gas administration of its EEP, inclusive of the monthly  
6 weather adjustment process, in compliance with its tariff?

7 A. 24 Yes. The overall purpose of the EEP is to ensure the Company only  
8 recovers, on average, the Commission authorized margin per customer.  
9 Within the EEP, the aim of the monthly weather mechanism is to adjust  
10 customer bills during the winter months when actual weather is colder or  
11 warmer than normal to replicate what customers would have used if weather  
12 was normal. To accomplish this, customer bills are evaluated to estimate  
13 weather sensitive consumption to minimize adjustments to only the weather  
14 sensitive portion of customer bills. The Company employs a number of  
15 techniques to accomplish this goal, with the understanding that ultimately the  
16 annual decoupling adjustment component or the EEP will true-up to the  
17 authorized margin amounts.

18  
19 **IV. CUSTOMER RELATIONS AND EDUCATION**

20 Q. 25 What has the Company done to address customers who are interested in  
21 obtaining additional information regarding the mechanism?

22 A. 25 The Company established a process to ensure that customers received  
23 accurate information about the mechanism. First, the front-line customer  
24 assistance representatives were provided background information and a high  
25 level understanding of the mechanism that they could provide customers. In  
26 the event a customer desired more information regarding the mechanism the  
27 customers were referred to more senior, knowledgeable personnel. On the

1 rare occasion where the senior customer assistance representatives were  
2 unable to adequately address the customer inquiry, a subject matter expert  
3 would contact customers.

4 Q. 26 Was this approach successful?

5 A. 26 Yes. Southwest Gas is very pleased with the implementation of both the  
6 monthly weather adjustment and annual revenue decoupling mechanisms  
7 contained in the EEP of its Arizona Gas Tariff. As a measure of the  
8 successful rate case implementation, including the weather mechanism, the  
9 Company looked at the number of customer assistance calls after the most  
10 recent general rate case Order compared to the number of calls after the  
11 previous general rate case Order. The customer assistance calls were  
12 dramatically lower after the most recent Order. It is also telling that  
13 Southwest Gas has rendered millions of customer bills with weather  
14 adjustments, yet has received only a handful of negative comments.

15 Q. 27 How did the Company assist Mr. Gayer in his effort to gain a greater  
16 understanding of the monthly weather adjustment mechanism?

17 A. 27 It is my understanding that Mr. Gayer initially directed his questions to the  
18 Company's customer assistance department, but did not get the information  
19 that he was seeking. Following the protocol established to address customer  
20 concerns, as previously detailed, he was contacted by a Company subject  
21 matter expert. It was explained to Mr. Gayer that the monthly weather  
22 calculations are done at the individual customer level and that the adjustment  
23 requires real-time daily weather data for each customer's billing cycle, as well  
24 as the 10-year average weather data used in the Company's Arizona general  
25 rate case to establish customer volumes for rate design. Mr. Gayer was  
26 provided a direct contact phone number and email address which he could  
27 use if he had any additional inquiries. Subsequently, over the next three

1 months Mr. Gayer requested and was provided billing data and bill  
2 calculations for his January, February and March 2013 service.

3 Q. 28 Did Mr. Gayer seek additional information from the Company after his March  
4 2013 inquiry?

5 A. 28 No. When the Company did not hear from Mr. Gayer, the presumption was  
6 that his questions and concerns had been addressed.

7 Q. 29 Is the Company willing to continue to work with Mr. Gayer to assist him in the  
8 calculation of his monthly gas bills?

9 A. 29 Yes. Southwest Gas will work with any customer that requests assistance  
10 with the calculation of their monthly Southwest Gas bill for as long as the  
11 customer requests such assistance.

12

13 **V. NON-DISCRIMINATORY APPLICATION OF TARIFFS AND PROCEDURES**

14 Q. 30 Does Southwest Gas administer its tariffs and procedures such that  
15 customers receive equitable treatment and avoid undue discrimination?

16 A. 30 Absolutely. The Company takes its responsibilities to treat all its customers  
17 fairly and equitably very seriously and applies its tariffs and procedures  
18 without discrimination. However, the application of tariffs and procedures  
19 sometimes result in different treatment for different customers. For example,  
20 an applicant for service must meet certain requirements before the Company  
21 will initiate service. One of those requirements is the establishment of credit.  
22 If the applicant meets certain creditworthiness conditions, they will not be  
23 required to provide a deposit. However, if the applicant cannot meet the  
24 conditions, they will be required to establish credit by providing a security  
25 deposit to the Company.

26 Q. 31 Is there any dissimilar treatment or favoritism amongst customers regarding  
27 the application of the Company's monthly weather adjustment?



1 A. 31 No. The monthly weather adjustment algorithm is applied identically to all  
2 customers subject to the weather adjustment mechanism.  
3

4 **VI. BILL FORMAT MODIFICATION**

5 Q. 32 Does the Company routinely make changes to its Arizona customer bill  
6 format?

7 A. 32 No. In the past ten years, the Company has only changed its Arizona  
8 customer bill format two times. Nonetheless, the Company periodically  
9 reviews its business operations and interactions with its customers and  
10 strives to employ industry "best practices" when those practices can be  
11 integrated with the Company's operations. Prior to the most recent change in  
12 bill format, Southwest Gas' bill format presented detailed calculations of  
13 rates, including rate pro-rations when a customer's rate changed within their  
14 billing period. Displaying these calculations generated bills that oftentimes  
15 resulted in customer confusion, which led to customer questions, many of  
16 which came to the Commission's Consumer Services Staff. Consequently,  
17 Southwest Gas undertook a review of its bill presentation and how other  
18 similarly situated utilities billed their customers.

19 Q. 33 How did the Southwest Gas bill compare to the other utilities that were  
20 surveyed?

21 A. 33 The Southwest Gas bill was clearly much more complicated and harder to  
22 understand compared to some of the other utilities. Attached as Exhibit  
23 No.\_\_(EG-1) are examples of bills from Arizona Public Service for electric  
24 service, SemStream for propane service and Questar Gas for natural gas  
25 service, none of which show the calculation of the line item charges. For  
26 comparison, an example of a Southwest Gas bill prior to the most recent  
27 format change is attached as Exhibit No.\_\_(EG-2). After conducting its

1 review, the Company concluded that it should explore the modification of its  
2 bill presentation.

3 Q. 34 Please explain the process that the Company used to develop its revised bill  
4 format.

5 A. 34 Although the Company had been considering a change in its bill format as far  
6 back as 2007, it began a best practices review in the later part of 2009. Once  
7 the decision was made to simplify its bill format, the Company considered the  
8 amount of detail it thought most appropriate for its billings. Ultimately, the  
9 Questar Gas format was chosen as a model for the Southwest Gas bill.

10 In the early months of 2010, the Company discussed the proposed  
11 change in bill format with its customer assistance managers to solicit  
12 feedback on their customer interactions and their opinions on bill format  
13 simplification. They overwhelmingly supported the overhaul of the Southwest  
14 Gas bill to address issues that, in their experience, contributed to customer  
15 confusion.

16 Next, the Company met with the ACC Consumer Services Staff (Staff)  
17 to discuss the format changes and to solicit comment and input on the  
18 Company's plan. Again, the feedback the Company received was positive.  
19 In addition, the Staff provided recommendations addressing the  
20 implementation of the changes. Staff recognized that there might be some  
21 customers that would prefer the more detailed bill format and suggested that  
22 the Company consider providing the option for customers to continue to  
23 receive the detailed bill. Staff also suggested the Company provide notice to  
24 its customers of the bill format change. Both of these recommendations were  
25 implemented. A copy of the notification that was sent to all of Southwest  
26 Gas' Arizona customers, including Mr. Gayer, is attached hereto as Exhibit  
27 No.\_\_(EG-3)

1                   Once the Company made the necessary billing system programing  
2 changes and prepared the customer education materials, it implemented the  
3 change. The first bills with the new format were presented to customers  
4 March 2011.

5 Q. 35 Do you agree with Mr. Gayer's allegation that the decision to simplify  
6 customer bills was "[t]o prevent its customers from realizing that a new  
7 charge had been added to their bills" (i.e. the monthly weather adjustment)?

8 A. 35 No. As discussed above, the Company had been considering a change in its  
9 bill format as far back as 2007 due to the fact that the Southwest Gas bill was  
10 much more complicated and harder to understand compared to some of the  
11 other utilities. In fact, Southwest gas had made decoupling and weather  
12 adjustment proposals as far back as its 2004 general rate case and yet again  
13 in its 2007 rate case. There is simply no correlation between the Company's  
14 bill format simplification and the 2011 rate case proposal to implement the  
15 monthly weather adjustment.

16 Q. 36 Since implementation of the simplified bill, how may customers have  
17 requested the more detailed bill format?

18 A. 36 Out of nearly 1 million customers served in Arizona, only 626 customers have  
19 requested, and are provided with, a more detailed bill. Expressed in  
20 mathematical terms, more than 99.9 percent of customers are satisfied with  
21 the simplified bill format.

22 Q. 37 Did Southwest Gas ever receive a request from Mr. Gayer to be provided  
23 with a more detailed bill?

24 A. 37 Yes. Southwest Gas received Mr. Gayer's request for a more detailed bill on  
25 or about March 2012. Since that time, Southwest Gas has been consistently  
26 providing Mr. Gayer with a more detailed bill.

27 Q. 38 Did the Company consider displaying the calculation of the weather

1 adjustment calculation on customer bills?

2 A. 38 Yes. Before the implementation of the simplified bill format, the Company  
3 explored how a monthly weather adjustment could be portrayed on customer  
4 bills. As part of that exploration, it looked at other utilities that utilize monthly  
5 weather adjustments and did not find any utility that actually showed the  
6 calculation on the bill. Some utilities show the adjustment in a line item while  
7 others consolidate the adjustment with other billing elements. Ultimately,  
8 Southwest Gas chose to follow the example of Questar Gas and consolidate  
9 the weather adjustment with its usage charge, consistent with the Company's  
10 decision to simplify its bills similar to Questar Gas.

11

12 **VII. CONCLUSION**

13 Q. 39 How would Southwest Gas summarize its experience with the EEP, in  
14 particular the monthly weather adjustment mechanism?

15 A. 39 Since the implementation of the EEP beginning January 2012, the monthly  
16 weather adjustment mechanism, combined with the annual decoupling  
17 deferral, have directly benefited customers by 1) stabilizing winter bills and 2)  
18 crediting to customers over \$11 million dollars. The Company is committed  
19 to providing all information that it has regarding a customer's bill on a timely  
20 basis to any customer that requests it. The Company has implemented  
21 reasonable procedures to respond to customer inquiries about its various  
22 billing process. As a result, Southwest Gas is of the firm belief that no  
23 wholesale change to current process is warranted, especially given that the  
24 Company has provided Mr. Gayer with all of the information he has  
25 requested, including providing him with a detailed monthly bill.

26 Q. 40 Does this conclude your prepared direct testimony?

27 A. 40 Yes.

# Appendix A-

## Summary of Qualification of Edward Giesecking

**SUMMARY OF QUALIFICATIONS  
EDWARD GIESEKING**

I graduated from Sonoma State University in 1985 with a Bachelor of Arts degree in Business Management and from New Mexico State University in 1993 with a Master of Arts degree in Regulatory Economics.

From 1983 through 1993, I was employed by Pacific Gas and Electric Company in various capacities, including the position of Regulatory Analyst in the Revenue Requirements and Rates departments. My responsibilities as a Regulatory Analyst primarily involved the development of pricing structures and supporting rate requests before the California Public Utilities Commission.

I began my career with Southwest as a Specialist in the Rates department in 1993. I was assigned responsibility for monitoring and participating in California regulatory activity and reporting impacts to Company management. In 1995 I was promoted to Senior Specialist in the Regulatory Affairs department and subsequently promoted to Manager of the department in 1998. In addition to the day-to-day management of the department, my responsibilities included the supervision of regulatory filings to ensure timely and accurate submittals, and serving as the Company liaison with state regulatory agency and state consumer advocate professionals.

In August 2002, I was promoted to the position of Senior Manager of the Pricing and Tariffs department and in July 2003 was promoted to my current position.

Exhibit No. \_(EG-1)



Bill date: July 2, 2008

Summary of what you owe

|        |                                       |           |
|--------|---------------------------------------|-----------|
| Less   | Amount due on previous bill           | \$204.00  |
| Less   | Payments made on Jun 16, thank you    | -\$204.00 |
| Equals | Your balance forward                  | \$0.00    |
| Plus   | Your Equalizer payment due this month | \$204.00  |
| Equals | Total                                 | \$204.00  |

Due date: July 16, 2008

Your account number: 001234567  
For service at:

Questions?

Call: 602-371-7171, 24 hours a day  
Website: [aps.com](http://aps.com)  
Para servicio en español llame al:  
602-371-6861 (Phoenix)

**Your Equalizer Plan status**

|  |           |
|--|-----------|
| Plan balance from your 06/03/2008 bill                       | \$41.46   |
| Less your payment received                                   | -\$204.00 |
| Equals your Plan balance forward                             | -\$162.54 |
| Plus this month's charge for electricity services            | \$241.74  |
| Equals your current Plan balance                             | \$79.20   |
| Less this month's Equalizer payment                          | -\$204.00 |
| Your new Equalizer Plan credit balance after payment will be | -\$124.80 |

• About your service plan

You've chosen the Time Advantage Plan. This gives you lower prices between 9 pm and 9 am weekdays and all day Saturday and Sunday. Try to schedule your use of major appliances for those periods.

• Help those in need

A dollar goes a long way to help those in need. Include your tax-deductible donation to SHARE with your bill payment or sign up to make a regular donation.

Page 1 of 3

See page 2 for more information

When paying in person, please  
bring bottom portion of this bill.



Your account number  
001234567

Bill date  
July 2, 2008

☐ Mailing address of phone number change?  
Check here and fill in the details on the back.

Total amount due \$ 204.00

Your optional contribution  
to SHARE: \$

Total amount paid: \$

Due date: Jul 16, 2008

Ways to pay your bill

- online at [aps.com](http://aps.com)
- SurePay, our free direct debit service
- by phone with a credit or debit card (a third party convenience fee applies). Call: 1-866-261-2736
- in person at APS payment locations statewide - bring your entire bill with you. Visit [aps.com](http://aps.com) for locations.

PHOENIX AZ 85004

02 R 1 25

000000009786022853020041112000000083000000822201 000

- Page 2 -

Your electricity bill  
Bill date: July 2, 2008

William Sample

Your account number: 001234567

Your service plan: Time Advantage 9pm-9am

Meter number: E03422  
Meter reading cycle: 21



Charges for electricity services

Cost of electricity you used

|   |          |
|---|----------|
| Basic service charge                        | \$6.33   |
| Delivery service charge                     | \$44.53  |
| Environmental benefits surcharge            | \$3.17   |
| Federal environmental improvement surcharge | \$0.29   |
| Competition rules compliance surcharge      | \$0.61   |
| System benefits charge                      | \$3.33   |
| Power supply adjustment*                    | \$7.20   |
| Metering *                                  | \$4.95   |
| Meter reading*                              | \$1.65   |
| Billing*                                    | \$1.86   |
| Generation of electricity on-peak*          | \$88.42  |
| Generation of electricity off-peak*         | \$21.24  |
| Transmission and ancillary services*        | \$9.36   |
| Transmission cost adjustment*               | \$0.85   |
| Interim rate surcharge                      | \$4.07   |
| Cost of electricity you used                | \$197.86 |

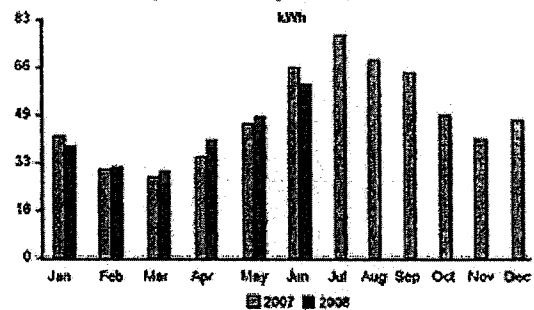
Amount of electricity you used

|  |             |
|--|-------------|
| Meter reading on Jul 1   | 88639       |
| Meter reading on May 30  | 86639       |
| <b>Total electricity you used, in kWh</b>  | <b>2000</b> |
| On-peak meter reading on Jul 1   | 78125       |
| On-peak meter reading on May 30  | 77412       |
| <b>On-peak electricity you used, in kWh<br/>(9am to 9pm Monday to Friday)</b>                          | <b>713</b>  |
| <b>Off-peak electricity you used, in kWh<br/>(9pm to 9am weekdays and all day Saturday and Sunday)</b> | <b>1287</b> |

Taxes and fees

|   |                 |
|---|-----------------|
| Regulatory assessment                         | \$0.36          |
| State sales tax                               | \$11.32         |
| County sales tax                              | \$1.42          |
| City sales tax                                | \$5.99          |
| Franchise fee                                 | \$5.46          |
| Cost of electricity with taxes and fees       | \$220.38        |
| <b>Total charges for electricity services</b> | <b>\$220.38</b> |

Average daily electricity use per month



\*These services are currently provided by APS but may be provided by a competitive supplier.

Comparing your monthly use

|                             | This month | Last month | This month last year |
|-----------------------------|------------|------------|----------------------|
| Billing days                | 32         | 29         | 29                   |
| Average outdoor temperature | 91°        | 76°        | 90°                  |
| Your total use in kWh       | 2000       | 1579       | 2072                 |
| Percentage of on-peak use   | 36%        | 34%        | 52%                  |
| Your average daily cost     | \$7.55     | \$6.57     | \$8.59               |



Exhibit No. (EG-1)

Sheet 3 of 4

www.semstreamarizona.com

**Your Propane Gas Bill  
For Service at:**

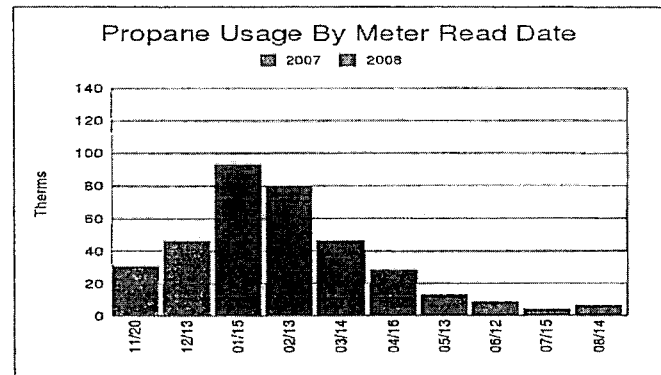
Bill Date: September 08, 2008  
Past Due After: October 10, 2008

**Your Propane Gas Bill****Summary of What You Owe**

|  |           |              |
|--|-----------|--------------|
| Billing                                      | \$        | 23.12        |
| <b>Equals your Balance Forward</b>           | <b>\$</b> | <b>23.12</b> |
| <b>Charges for your propane gas services</b> |           |              |
| <b>Basic Service Charge</b>                  | <b>\$</b> | <b>6.00</b>  |
| <b>Cost of Propane you used</b>              |           |              |
| Fuel Surcharge                               | \$        | 0.67         |
| Energy Usage                                 | \$        | 8.08         |
| Purchased Gas Adjuster                       | \$        | 6.07         |
| <b>Total Cost of Propane</b>                 | <b>\$</b> | <b>14.82</b> |
| Cost of Propane \$ Per Therm                 | \$        | 2.22         |
| Cost of Propane \$ Per Gal                   | \$        | 2.02         |
| <b>Taxes and fees</b>                        |           |              |
| Town of Page Franchise Fee                   | \$        | 0.25         |
| Regulatory Assessment                        | \$        | 0.02         |
| State Tax                                    | \$        | 1.42         |
| City Tax                                     | \$        | 0.63         |
| <b>Total Cost of Taxes and Fees</b>          | <b>\$</b> | <b>2.32</b>  |
| <b>Total Charges for Propane Services</b>    | <b>\$</b> | <b>23.14</b> |
| <b>Total Balance Due</b>                     | <b>\$</b> | <b>46.26</b> |

| Amount Due               |    |       |
|--------------------------|----|-------|
| Total Due on 10/10/08    | \$ | 46.26 |
| ZapPay Draft on 10/10/08 | \$ | 46.26 |

Customer Number: 000004  
Account Number: 000000004  
Rate Schedule: Residential



| Comparing your monthly use | This Month | Last Month | Last Year |
|----------------------------|------------|------------|-----------|
| Billing Days               | 29         | 30         | 32        |
| Your total use in therms   | 6.68       | 6.68       | 0.00      |
| Average daily use (therms) | 0.23       | 0.22       | 0.00      |

|          |          | Billing Period |          |      | Meter Reading in Cubic Feet |          |       | Read Type | Total Units |
|----------|----------|----------------|----------|------|-----------------------------|----------|-------|-----------|-------------|
| Services | Meter #  | From           | To       | Days | Present                     | Previous | Usage |           |             |
| Propane  | 0U574389 | 08/14/08       | 09/12/08 | 29   | 2363                        | 2360     | 3     | Regular   | 6.68 Therms |

As oil prices continue to hit new highs, PROPANE like gasoline, which are derived from oil continues to go up in cost. WATCH for our insert later this summer regarding projected Winter prices of PROPANE.

Please detach and return below portion with your payment. If paying in person, please bring entire bill. Please make sure return address (On front-right side of stub) shows through return address window

\*\*\*\*\*

SEMSTREAM ARIZONA PROPANE LLC  
2000 EAST FRONTAGE ROAD  
PAGE, AZ 86040

Mailing Address or phone number change? ☐  
Check box, and write details on the back.

Service Address:

Questions about your bill please call 928.645.2391

\*\*\*\*\* ADDRESS \*\*\*\*\*

PAGE AZ 860400000

| IF PAYING BY CREDIT CARD, FILL OUT BELOW. |                               |             |
|---|-------------------------------|-------------|
| <input type="checkbox"/> MasterCard       | <input type="checkbox"/> VISA |             |
| CARD NUMBER                               | EXP. DATE                     |             |
| SIGNATURE                                 | SECURITY CODE                 |             |
| ACCOUNT NUMBER                            | DUE DATE                      | AMOUNT DUE  |
| 000000004                                 | 10/10/08                      | \$ 46.26    |
| CUSTOMER NUMBER                           | SHARE THE WARMTH contribution | AMOUNT PAID |
| 000004                                    | \$                            | \$          |

\*\*\*\*\*

(860402)  
SEMSTREAM ARIZONA PROPANE LLC  
2000 EAST FRONTAGE ROAD  
PAGE, AZ 86040

Sign me up for a monthly  
REACH donation of: \$

Exhibit No. \_(EG-2)



**SOUTHWEST GAS CORPORATION**

PO BOX 52075 MS 42A-002  
PHOENIX, AZ 85072-2075

**Customer Service:**  
(602) 861-1999  
TDD/Deaf Device:  
(602) 395-4142  
Spanish/Espanol:  
(602) 678-6796  
www.swgas.com

PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS

PHOENIX AZ 85023-2321



Service Address:

Rate Schedule: 110/G-5

RESIDENTIAL GAS SERVICE

Your Local Office is 10851 N BLACK CANYON HWY, PHOENIX AZ 85029

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|-----------------|-------|-------------|----------------|-----------------------|
| 421-0767786-022 | 12    | 01/22/02    | 02/11/02       | \$137.81              |

**PREVIOUS BILLING:**  
Previous Balance 113.90  
Payment(s) Since Last Bill - Thank You 113.90CR  
Balance Forward \$0.00

**CURRENT BILLING:** 31 Days  
Meter Reading  
Current Previous  
Jan. 18 Dec. 18  
1379 - 1270 = 109 X .9924 = 108

**Average Rate**  
Gas Usage 108 Therms X .80500 = 86.94  
Rate Adjustment 108 Therms X .06388 = 6.90  
Mo Gas Cost Adj 108 Therms X .22212 = 23.99  
Basic Service Charge 8.00  
Applicable Revenue Taxes 11.98

**Current Bill \$137.81**

**Due date: 02/11/02 Amount due: \$137.81**

Important Messages:

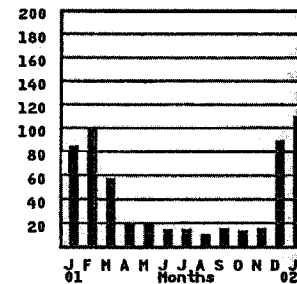
Your next meter read date is: Feb. 20, 2002

Phoenix Weatherline 265-5550

BEST WISHES FOR THE NEW YEAR FROM THE ENERGY SPECIALISTS AT SOUTHWEST GAS! THROUGHOUT THE YEAR, THE ANSWERS TO YOUR HOME ENERGY QUESTIONS ARE JUST A TOLL-FREE PHONE CALL AWAY. WHETHER YOU NEED NAMES OF RELIABLE CONTRACTORS IN YOUR AREA OR HELP CHOOSING A NEW HEATING SYSTEM, GIVE THE ENERGY SPECIALISTS A CALL AT 1-800-654-2765.

Gas Usage History Information:

| This Month | Therms / Days | Avg Daily Therms | Avg Monthly Temperature |
|------------|---------------|------------------|-------------------------|
| 108        | 31            | 3.48             | 56                      |
| Last Month | 88 32         | 2.75             | 54                      |
| Last Year  | 83 30         | 2.77             | 54                      |



| Previous Balance | Payments & Adjustments | Balance Forward | Current Bill | Current Balance | AMOUNT DUE |
|------------------|------------------------|-----------------|--------------|-----------------|------------|
| 113.90           | - 113.90               | = 0.00          | + 137.81     | = 137.81        | \$137.81   |

PLEASE SEE REVERSE SIDE FOR RULES AND REGULATIONS • RETURN BOTTOM PORTION WITH PAYMENT



**SOUTHWEST GAS CORPORATION**

PO BOX 52075 MS 42A-002  
PHOENIX, AZ 85072-2075

\*\*\*\*- V O I D -\*\*\*\*

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | AMOUNT DUE |
|-----------------|-------|-------------|----------------|------------|
| 421-0767786-022 | 12    | 01/22/02    | 02/11/02       | \$137.81   |

CA CK MO CC

PHOENIX AZ 85023-2321

**SOUTHWEST GAS CORPORATION**  
PO Box 98890  
Las Vegas NV 89150-0101

421076778602260000137810000000000

This bill is now due and payable. Please make check payable to SWG and write account number on front of check or money order. Do not send cash through the mail or place cash in the night depository.

Exhibit No. \_(EG-3)



## How to read your Southwest Gas bill

You may have noticed that your bill has a different look this month. That's because we've reduced the number of line items on your bill to make it easier to read.

We've provided you with a sample bill that reflects some of the key elements of a standard residential bill.

It does not, however, represent your actual bill.



**SOUTHWEST GAS**

**SOUTHWEST GAS**

1. The Usage Charge is a per therm charge that recovers the costs of delivering natural gas which are not recovered in the Basic Service Charge, and the cost of natural gas purchased by Southwest Gas on behalf of our customers.

2. The Basic Service Charge is a per month charge that recovers a portion of the cost of delivering your natural gas.

3. The DOT Safety Surcharge recovers the cost of pipeline safety programs mandated by the Department of Transportation.

4. Applicable Revenue Taxes are the State and local government taxes Southwest Gas is required to collect from its customers. For Southwest's current Statement of Rates visit: [http://www.swgas.com/tariffs/aztariff/rates/statement\\_of\\_rates.pdf](http://www.swgas.com/tariffs/aztariff/rates/statement_of_rates.pdf)

| ACCOUNT NUMBER   | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE             |
|--|-------|-------------|----------------|-----------------------------------|
| XXX-XXXXXXX-XXX  | 01    | 03/10/XX    | 03/29/XX       | \$65.23                           |
| <p><b>PREVIOUS BILLING:</b></p> <p>Previous Balance 64.70</p> <p>Payment(s) Since Last Bill 64.70CR</p> <p>Balance Forward \$0.00</p>  |       |             |                |                                   |
| <p><b>THIS IS A SAMPLE BILL. DO NOT PAY.</b></p>   |       |             |                |                                   |
| <p><b>CURRENT BILLING:</b></p> <p>Meter Reading: 32 Days Current Mar. 03 4127 -</p> <p>Previous Feb. 02 4057 = 70 X</p> <p>Billing Factor .9757 =</p> <p>Total Therms 66</p> |       |             |                |                                   |
| <p>Usage Charges 54.34</p> <p>Basic Service Charge 10.70</p> <p>DOT Safety Surcharge 0.05</p> <p>Applicable Revenue Taxes 0.14</p> <p>Current Bill \$65.23</p>               |       |             |                |                                   |
| <p><b>Due on or before: 03/29/XX</b></p>   |       |             |                | <p><b>Amount due: \$65.23</b></p> |



Docket No. G-01551A-13-0327

**Richard Gayer**

Complainant

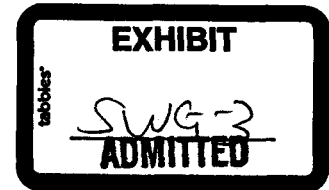
v.

**Southwest Gas Corporation**

Respondent

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Exhibit No. \_\_\_\_\_



**SOUTHWEST GAS CORPORATION**

**ERRATA TO PREPARED TESTIMONY OF  
EDWARD GIESEKING  
DATED MAY 30, 2014**



## SOUTHWEST GAS CORPORATION


May 30, 2014

ORIGINAL

Arizona Corporation Commission  
DOCKETED

JUN 02 2014

Docket Control Office  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007

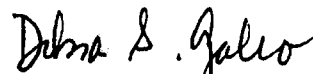
DOCKETED BY 

Subject: Southwest Gas Corporation  
General Rate Case; G-01551A-13-0327  
Errata to Prepared Direct Testimony of Edward Giesecking

Enclosed please find an original and thirteen (13) copies of Southwest Gas Corporation's Errata to Prepared Direct Testimony of Edward Giesecking in the above-referenced docket. An additional copy is included for date/time stamp and return in the self-addressed, stamped envelope. This filing is made in conjunction with the recently filed direct testimony on May 27, 2014, of Edward Giesecking. This filing is limited to replacement of Exhibit No. \_(EG-2).

Should you have any questions, please do not hesitate to contact me at (702) 876-7163.

Respectfully,

  
Debra S. Gallo

Director/Government & State Regulatory Affairs

Enclosures

RECEIVED  
2014 JUN -21 P 12:44  
AZCP COMMISSION  
DOCKET CONTROL

Complex Bill



**SOUTHWEST GAS CORPORATION**

**Customer Assistance**  
**Asistencia al Cliente**  
 Toll Free/Llamada Gratis  
 1-877-860-6020

Exhibit No. (EG-2)  
 Sheet 1 of 2

PO Box 98890  
 Las Vegas NV 89193-8890

Hearing Impaired: Dial 711  
 www.swgas.com

PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS



Service Address: [Redacted]  
 Rate Schedule: 011/G-11 MULTI-FAMILY LOW INCOME RES GAS SERVICE  
 Your Local Office is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|---|-------|-------------|----------------|-----------------------|
| [Redacted]  | 19    | 05/06/13    | 05/28/13       | "A P P"               |
| <b>PREVIOUS BILLING:</b><br>Previous Balance 12.29<br>Payment(s) Since Last Bill - Thank You 12.29CR<br>Balance Forward 00.00                                       |       |             |                |                       |
| <b>CURRENT BILLING:</b> 30 Days (Season Change)<br>Meter Reading: Current May 02 3534 - Previous Apr. 02 3524 = 10 X Billing Factor .9943 = 9.94<br>Total Therms 10 |       |             |                |                       |
| <b>Delivery Charge:</b><br>Summer 10 Therms X .763148 X 2/30 Days<br>Winter Tier 10 Therms X .763148 X 28/30 Days<br>Total Delivery Charge 7.03                     |       |             |                |                       |
| <b>Rate Adjustment:</b><br>Summer 10 Therms X .003980 X 2/30 Days (CR)<br>Winter 10 Therms X .003980 X 28/30 Days (CR)<br>Previous Rate Subtotal 7.30               |       |             |                |                       |
| <b>Current Rate Subtotal:</b><br>Summer 10 Therms X .0037648 X 2/30 Days (CR)<br>Winter 10 Therms X .0037648 X 28/30 Days (CR)<br>Total Rate Adjustment 1.97CR      |       |             |                |                       |
| <b>DOT Safety Surcharge:</b><br>Summer 10 Therms X .002430 X 2/30 Days<br>Winter 10 Therms X .002430 X 28/30 Days<br>Total DOT Safety Surcharge 0.62                |       |             |                |                       |
| <b>Monthly Gas Cost:</b><br>Summer 10 Therms X .448950 X 2/30 Days<br>Winter 10 Therms X .448950 X 28/30 Days<br>Total Monthly Gas Cost 4.49                        |       |             |                |                       |
| <b>Basic Service Charge:</b> 5.19<br><b>Low Income Residential Discount:</b> 5.17CR<br><b>Applicable Revenue Taxes:</b> 2.89  |       |             |                |                       |

Continued On Page 02

PLEASE SEE REVERSE SIDE FOR RULES AND REGULATIONS • RETURN BOTTOM PORTION WITH PAYMENT

\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

| ACCOUNT NUMBER | CYCLE | DATE MAILED | PAST DUE AFTER | AMOUNT DUE |
|----------------|-------|-------------|----------------|------------|
| [Redacted]     | 19    | 05/06/13    | 05/28/13       | "A P P"    |



**SOUTHWEST GAS CORPORATION**  
 PO Box 98890  
 Las Vegas NV 89193-8890

This bill is now due and payable. Please make check payable to SWG and write account number on front of check or money order. Do not send cash through the mail or place cash in the night depository.



PO Box 98890  
Las Vegas NV 89193-8890

Customer Assistance  
Asistencia al Cliente  
Toll Free/Llamada Gratis  
1-877-860-6020

Hearing Impaired: Dial 711  
www.swgas.com

PLEASE PRINT IN THIS STOP PORTION FOR YOUR RECORDS



DUPLICATE

Service Address:  
Rate Schedule:

Your Local Office is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| ACCOUNT NUMBER | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|----------------|-------|-------------|----------------|-----------------------|
| [REDACTED]     | 19    | 05/06/13    | 05/28/13       | "A P P"               |

Continued From Previous Page

\*Rate before LIRA discount  
Current \$17.19

AUTOMATIC PAYMENT PLAN "APP" AMOUNT \$17.19

\*\*\* YOUR "APP" AMOUNT OF \$17.19  
WILL BE DEDUCTED FROM YOUR BANK ACCOUNT ON 05/28/13 \*\*\*

**Due on or before: 05/28/13 Amount due: \$17.19**

Important Message:  
Your next meter read date is: May 31, 2013

WE ALL WANT TO DO OUR PART TO HELP THE ENVIRONMENT. THAT'S WHY SOUTHWEST GAS OFFERS PAPERLESS BILLING. IT CONSERVES OUR PLANET'S RESOURCES, AND HELPS YOU DECREASE PAPER CLUTTER AND SAVE ON POSTAGE, TOO. GO TO SWGAS.COM TO GET STARTED TODAY.

Gas Usage History Information:

|            | Therms / Days | Avg Daily |
|------------|---------------|-----------|
| This Month | 10 30         | 0.33      |
| Last Month | 12 29         | 0.41      |
| Last Year  | 10 30         | 0.33      |

Bar chart showing monthly gas usage (Therms) over 12 months. The y-axis ranges from 0 to 50. The x-axis shows months from April to March. Usage is relatively stable, with a slight increase in the winter months (December, January, February).

| Previous Balance | Payments / Credits | Balance Forward | Charge to Bill | Current Balance | Average Bill |
|------------------|--------------------|-----------------|----------------|-----------------|--------------|
| 19.29            | - 19.29            | = 0.00          | + 17.19        | = 17.19         | \$17.19      |

PLEASE SEE REVERSE SIDE FOR RULES AND REGULATIONS • RETURN BOTTOM PORTION WITH PAYMENT

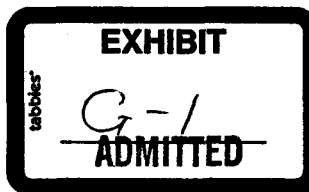
\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

| ACCOUNT NUMBER | CYCLE | DATE MAILED | PAST DUE AFTER | AMOUNT DUE |
|----------------|-------|-------------|----------------|------------|
| [REDACTED]     | 19    | 05/06/13    | 05/28/13       | "A P P"    |

SOUTHWEST GAS CORPORATION  
PO Box 98890  
Las Vegas NV 89193-8890



This bill is now due and payable. Please make check payable to SWG and write account number on front of check or money order. Do not send cash through the mail or place cash in the night depository.



BEFORE THE ARIZONA CORPORATION  
RECEIVED

ORIGINAL

**COMMISSIONERS**

BOB STUMP, Chairman  
GARY PEARCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

2014 APR 11 P 1:59

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
DOCKETED  
APR 17 2014

DOCKETED BY

RICHARD GAYER,  
Complainant,

(Dwight D. Nodes, Hearing Officer)

DOCKET NO. G-01551A-13-0327

v.

SOUTHWEST GAS CORPORATION,  
Respondent.

Complainant's

PREPARED TESTIMONY

(Rule R14-3-109(M))

Complainant Gayer hereby submits his prepared testimony pursuant to the amended  
Order of Hearing Officer Nodes dated April 7, 2014 under Rule R14-3-109(M).

Legal Summary

In implementing decoupling under Arizona Gas Tariff No. 7, pages 92-96 dated January 1, 2012, Southwest Gas ("SWGAs" or the "Company") is violating the tariff itself as well as Arizona Revised Statutes section 44-1521 et seq. on consumer fraud by failing and refusing to fully itemize all customers' bills (except for those who *subsequently* may expressly opt out), by discriminating in favor of a few of its customers and against the rest of them regarding itemization in violation of A.R.S. section 40-334, by using methods other than those set forth in the Tariff for calculating customer's bills, and by using non-public proprietary temperature data to determine Heating Degree Days ("HDDs").

To prevent its customers from realizing that a new charge had been added to their bills, SWGas "simplified" them nine months before adding the Monthly Weather Adjustment Charge.

1 Factual History

2 I have been a customer of SWGas since March 2004 when I moved into my home in  
3 Phoenix, Arizona. I received itemized bills from them until the one dated 03/25/11 that covered  
4 mostly February 2011. My bill dated 04/07/11 covering mostly March 2011 was the first  
5 simplified bill that I received, but I did not then notice the change nor had I requested any  
6 simplification. (I never received any prior information from SWGas about that change.)

7 In January 2012, I received a bill dated 01/06/2012 covering mostly December 2011 that  
8 I later discovered was the first such bill to include the Monthly Weather Adjustment ("MWA")  
9 charge, although that information did not appear anywhere on the bill or on anything  
10 accompanying the bill. It was for 100 therms and contained the following line items: \$113.98  
11 for "usage" (a new term), \$10.70 for the basic service charge, \$0.05 for the DOT, and \$15.47 for  
12 taxes, for a total of \$140.20. ("Usage" seems to mean cost of gas plus delivery charge plus  
13 MWA.<sup>1</sup>)

14 In early February 2012, I received a bill dated 02/06/12 covering mostly January 2012. It  
15 was for only 72 therms but contained only the following line items: \$100.58 for "usage", \$10.70  
16 for the basic service charge, \$0.04 for the DOT, and 13.82 for taxes, for a total of \$125.14. I  
17 was unable to make any sense out of that bill because the decrease in usage (100 therms down to  
18 72 therms for a ratio of 72 %) was not reflected in the decreased charge for gas (113.98 down to  
19 only 100.58, a ratio of 88%). There must be a hidden charge somewhere, so I began my  
20 frustrating series of contacts with several representatives of SWGas in an attempt to learn about  
21 the new charge.

22 I paid the above bill with a check dated 13 February 2012 and then called the nearest  
23 office of SWGas about the hidden charge on or about 15 February 2012. I spoke with  
24 "Charlene" and told her about a possible complaint to the Arizona Corporation Commission  
25 ("AzCC") about the hidden charge. She referred me to a company called the Weather Bank and  
26

---

27 <sup>1</sup> On the back of my "simplified" bills we find a definition of "Usage Charge: Usage charges recover the cost of  
28 delivering natural gas which is not covered by the Basic Service Charge, and the cost of natural gas purchased by  
SWG on behalf of our customers." Why not mention the MWA or at least something about "decoupling"?

1 to WSI, Incorporated for HDD information. I later discovered on 24 February through 27  
2 February that neither company had a current contract with SWGas. On or about 16 February  
3 2012, Charlene explained the application of a formula to calculate my MWA and she mentioned  
4 Brooks Congdon in Las Vegas. She also said (incorrectly) that SWGas uses data from NOAA  
5 for HDDs, so I used that data to my frustration.

6 I also contacted Customer Service for the AzCC and contacted RUCO by telephone and  
7 e-mail, but to no avail.

8 On 27 February 2012, I sent a letter via e-mail and via the United States Postal Service to  
9 Karen Haller, General Counsel for SWGas, regarding my frustration in trying to calculate my  
10 MWA. My main problem was the determination of the actual and normal HDDs used by  
11 SWGas. In an apparent response to that letter, I received a telephone call from Brooks Congdon  
12 of SWGas on the same day after 5 pm in Phoenix. He referred me to a company called Telvent  
13 DTN for data on HDDs and sent me a list of *only* the *Normal* HDDs (10-year averages) used by  
14 SWGas.

15 On or about 5 March 2012, I received a letter from Justin Lee Brown of SWGas in  
16 response to the above letter to Karen Haller that amounted to a status report.

17 During March 2012, I attempted to find a set of Actual HDDs that yielded the results  
18 obtained by SWGas regarding my MWA, but was unable to do so.

19 So, on 23 March 2012, in response to an earlier reference from SWGas, I sent an e-mail  
20 to Kathy Smith of Telvent for information regarding the Actual HDDs used by SWGas. On 4  
21 April 2012, in response to that e-mail, I received a telephone call from Brooks Congdon in  
22 which he offered to and did furnish the Actual HDDs used by SWGas for the month in question  
23 at that time. However, I was still unable to match the results obtained by SWGas in calculating  
24 my MWA. The hidden (mathematical) method was a linear regression used to "mitigate" a  
25 customer's bill that would be outrageous if the formula in the tariff was applied.

26 Since then, I have had numerous oral and written communications with Brooks Congdon.  
27 I found him to be courteous and friendly, but he often provided information that turned out to be  
28 false. For example, on 6-7 January 2013 we discussed via e-mail and telephone basic concepts

1 of regression as used by SWGas, including the application of the last eight "winter" months that  
2 include only December, January, February and March, with further information provided  
3 telephonically on 11 January 2013. Next, via e-mails dated 18 January 2013 and 21 January  
4 2013, I informed Congdon of my inability to obtain regression results close to those of SWGas.  
5 Later, in an e-mail of 3 April 2013, I inquired about the definition of "month" as it applies to the  
6 linear regression used by SWGas to mitigate customers' bills. He first said that it is defined by  
7 the date on the bill, but that was false. He later advised that it is the month covered by the bill,  
8 so that a bill dated (say) in the first few days of February was the "January" bill for regression  
9 purposes.

10 In telephonic and e-mail communications around 4 January 2013, Congdon admitted that  
11 "regression" was not mentioned anywhere in the tariff. He also explained that the "margin"  
12 comprised three components: the gas delivery charge, the MWA, and the basic charge. In  
13 calculating the regression coefficient, he said to use the most recent eight winter months, starting  
14 with the one immediately before the bill in question. He later admitted the falsity of that  
15 information, advising to start with the "month" (as previously defined) that was covered by that  
16 bill. On 11 February 2013, I received from Congdon summary data for *actual* HDDs for the  
17 entire month in question, but he did not furnish that information for each day of the month. He  
18 confirmed that regressions were not mentioned anywhere in the tariff.

19 Since Congdon was not continuing to send me monthly data for the actual HDDs used by  
20 SWGas (they do not use data from NOAA<sup>2</sup>), I again during March 2013 attempted to find data  
21 for *actual* HDDs or actual temperatures from which HDDs may be easily calculated. I was  
22 referred to the Flood Control District of Maricopa County by a weatherman for a local TV  
23 channel (probably KPHO), but I was unable to find any data that was even close to those used  
24 by SWGas.

25 I have presented the foregoing details *ad infinitum* to demonstrate the frustration that I  
26 have been suffering at the hands of several representatives of SWGas. Being the victim of a  
27

---

28 <sup>2</sup> On the other hand, NOAA data for Normal HDDs are used by the Northwest Natural Gas Company in Oregon. (In addition, they used a fixed "coefficient" for all customers in at least 2012.)



1 run-around, however unintentional, is not fun! There was major confusion on my part and that  
2 of Brooks Congdon caused by the shifting details he presented regarding the calculation of the  
3 MWA. During those discussions, he revealed that for a given month all customers' MWAs are  
4 not computed by the same method. Methods that vary from customer to customer include the  
5 formula in the tariff, linear regressions, a maximum limit equal to the total number of therms  
6 actually used by a customer, and an MWA charge of zero if there are zero HDDs in a given  
7 month. Thus in a given "winter" month, one customer may receive favorable treatment while  
8 another receives unfavorable treatment. Such discrimination is prohibited by A.R.S. § 40-334.

9 I eventually gave up and presented my problems to the AzCC, as set forth in my Informal  
10 Complaint of June 14, 2013 and then in my Formal Complaint of September 24, 2013.

#### 11 12 Concluding Remarks

13 Fraud is a strong word to use against SWGas, but its silent simplification of its bills about  
14 nine months before it first applied the MWA *does* satisfy the language of A.R.S. section 44-  
15 1522(A) (emphasis. added): "The act, use or employment by any person of any deception,  
16 deceptive act or practice, fraud, false pretense, false promise, misrepresentation, or  
17 *concealment, suppression or omission of any material fact with intent that others rely* upon  
18 such concealment, suppression or omission, in connection with the sale or advertisement of any  
19 merchandise whether or not any person has in fact been misled, deceived or damaged thereby, is  
20 declared to be an unlawful practice." Section 44-1521 defines "merchandise" to include  
21 services and "sale" to include any sale, and there is no need for anyone to have been "damaged  
22 thereby". One may ask why SWGas did not first impose the MWA and await customer reaction  
23 before simplifying anyone's bill, and also ask why the simplification was done in silence and  
24 long before the MWA was imposed. The answer is obvious: SWGas did not want to deal with  
25 the potential of thousands of perhaps hostile inquiries from its one million customers in Arizona;  
26 even one percent of its million Arizona customers amounts to 10,000 inquiries about the MWA.

27 SWGas claims that in response to a few customer requests, it simplified *all* of its  
28 customers' bills *before* the MWA was imposed, but one wonders what motivated those few

1 customers to do so. Moreover, SWGas conceded during several discussions among myself and  
2 Justin Lee Brown (and others from SWGas and members of Commission staff) that it had no  
3 business records of any such requests, and that in any event that such requests were not  
4 numerous. Nonetheless, it went ahead and simplified *every* customer's bill without any consent  
5 to that change from almost 100 percent of them. Worse yet, the silent simplification deprived  
6 essentially 100 percent of its customers from even knowing about the MWA, thereby  
7 guaranteeing that very few customers would inquire about it. I discovered the MWA almost  
8 solely by accident.

9 SWGas also insists that it would be unfair to "impose" on all of its customers an itemized  
10 bill that includes the MWA, but it has never been able to explain how adding three line items to  
11 a "simplified" bill that already includes four items amounts to an imposition. Common sense  
12 tells us that customers read what interests them and ignore the remainder, so that SWGas'  
13 position should not be taken seriously. Significantly, SWGas concedes that simplifying its bills  
14 "wasn't necessarily a cost savings measure". Statement of Jason Wilcock during proceedings of  
15 4 March 2014 (Transcript p. 5:23-24; see also at p. 8:15-16 (question from ACALJ Nodes).)  
16

17 Dated: 17 April 2014

Respectfully submitted by,

Richard Gayer

RICHARD GAYER, Complainant  
526 West Wilshire Drive  
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22 **CERTIFICATE OF SERVICE BY ELECTRONIC MAIL**

23 On 17 April 2014, I served a copy of this document via electronic mail on Respondent's  
24 attorney, Jason Wilcock, addressed to jason.wilcock@swgas.com.

25 I certify under penalty of perjury under the laws of the State of Arizona that the foregoing  
26 is true and correct.

27 Executed on 17 April 2014  
28 at Phoenix, Arizona

Richard Gayer  
RICHARD GAYER, Complainant



0000153674

BEFORE THE ARIZONA CORPORATION COMMISSION  
RECEIVED

**COMMISSIONERS**

BOB STUMP, Chairman  
GARY PEARCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

2014 JUN -21 A 11: 27

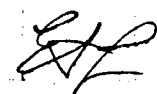
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUN 02 2014

ORIGINAL

DOCKETED BY 

RICHARD GAYER,  
Complainant,

(Dwight D. Nodes, Hearing Officer)

DOCKET NO. G-01551A-13-0327

v.

SOUTHWEST GAS CORPORATION,  
Respondent.

Complainant's

REBUTTAL TESTIMONY

(Rule R14-3-109(M))

Complainant Gayer hereby submits his testimony in rebuttal to the direct testimonies of Robert Gray of the Commission's Staff and Edward Giesecking of Southwest Gas pursuant to the amended Order of Hearing Officer Nodes dated April 7, 2014 under Rule R14-3-109(M).

**Testimony of Edward Giesecking**

**MONTHLY WEATHER ADJUSTMENT**

The monthly Weather adjustment ("MWA") was implemented in January 2012, not in 2013 as stated by Giesecking (A.7 at 2:17).

Giesecking states that SWGas uses "next-day actual weather data provided by a commercial weather subscription service" (A.10 at 3:25-26), but Complainant obtains free of charge "next-day data" from [www.nws.noaa.gov/climate](http://www.nws.noaa.gov/climate) every day without any delay. NOAA provides climate data for seven location in the Phoenix area, seven more locations in the Flagstaff area, and four more locations in the Tucson area, for a total of 18 locations in the State

1 of Arizona. SWGas fails to explain why those data are not sufficient for its needs, especially  
2 since a couple of days of delay (if any) in billing its customers cannot cause any problems.

3 SWGas concedes that data available from NOAA at no charge does not match the data it  
4 purchases from a private (profit-making) company (A.12 at 4:10-11), but does not claim to  
5 know which data are correct. SWGas could save money by using data available to the general  
6 public, including the Complainant herein. Complainant previously pointed out that NOAA data  
7 for HDDs are used by the Northwest Natural Gas Company in Oregon (prepared testimony in  
8 footnote 2 at page 4).

9 SWGas asserts that it "provides this [weather] information to any customer upon request"  
10 (A.14 at 4:18), but does not explain how a customer would be aware of the MWA in the first  
11 place. Without such awareness, few customers would make such a request. Complainant  
12 discovered the MWA almost by accident.

13 SWGas concedes that it uses methods to calculate bills that are not even mentioned in its  
14 Tariff (A.17 and A.18 at 5:8 through 6:14). It also concedes that "these checks and balances are  
15 *not* necessary components of the EEP" (A.18 at 6:12, emp. added). If so, then there is no need  
16 to use them!

#### 17 18 SOUTHWEST GAS' ENERGY EFFICIENCY ENABLING PROVISION

19 Gieseeking states that SWGas patterned its tariff after that of Questar Gas (A.19 at 6:24-  
20 25), but Questar provides service in the State of Utah, whose climate is obviously much  
21 different from that of Arizona, especially its southern half. SWGas fails to explain why it  
22 adopted Questar's intentional lack of transparency rather than deciding to fully reveal its  
23 calculation methods in its own tariff.

24 Complainant submits that use of the "fixed" coefficient used by the Northwest Natural  
25 Gas Company in Oregon would promote transparency by SWGas by eliminating the hidden use  
26 of regressions.

27 Gieseeking responds to a question about "billing processes and provisions approved in  
28 Commission Orders but not detailed in its applicable tariffs" (Q and A 22 at 7:9-15), but fails to

1 identify a Commission Order, if any, that approved of regressions or other mitigators in relation  
2 to the MWA. My research on the website of the AzCC has not found any such Order.

3 Giesecking writes about the avoidance of "technical issues that misled and confused them  
4 [customers of SWGas]" (A.23 at 7:24-25), but he tacitly assumes that nearly all of "them" are so  
5 uneducated that they are unable to learn a new concept or apply one with which they are already  
6 familiar. It is the inclusion of the detailed formula on pages 92-93 of the tariff and the complete  
7 omission of "linear regression" from the tariff that is truly misleading and confusing.

8 Giesecking finally states that "the annual decoupling adjustment of the EEP will true-up  
9 the authorized margin amounts" (A. 24 at 8:15-17), but Complainant's own experience with the  
10 MWA seems to belie that statement. For the "winter" of 2013, I received a net credit of \$1.41  
11 for the MWA, but for the same months of 2014, I paid a total of \$62.59 extra. I doubt that the  
12 future EEP adjustments on my bills will correct for this surprising MWA charge.

#### 13 14 CUSTOMER RELATIONS AND EDUCATION

15 Giesecking describes the "process to ensure that customers received accurate information  
16 about the mechanism" (A.25 at 8:22-23) and asserts that the "approach [was] successful" (A.26  
17 at 9:4-5). He bases his conclusion on the "dramatically" reduced "number of customer  
18 assistance calls" (A.26 at 9:9-12), but fails to explain how customers who are not aware of the  
19 MWA will be moved to inquire about it.

20 Giesecking then goes on to describe how SWGas allegedly assisted Complainant in  
21 understanding the MWA (A. 27 at 9:17 through 10-2), but he ignores most of the factual history  
22 in Complainant's Prepared Testimony (page 2:22 through 5:1), including "the frustration that I  
23 have been suffering at the hands of several representatives of SWGas." (Page 4:25-26.)  
24 Giesecking's description of his employer's treatment of Gayer is so whitewashed that it cannot be  
25 taken seriously.

1 NON-DISCRIMINATORY APPLICATION OF TARIFFS AND PROCEDURES

2 Giesecking states that SWGas avoids "undue discrimination" in dealing with its customers  
3 (Q and A 30 at 10:14-16), but fails to define "undue". He claims that there is no "dissimilar  
4 treatment or favoritism amongst customers regarding the application of the" MWA (Q and A 31  
5 at 10:26 to 11:2), but fails to mention the "626 customers [who] have requested ... a more  
6 detailed bill" (A.36 at 13:18-19) These customers, including Complainant, are receiving  
7 favorable discrimination. By favoring these customers with a more detailed bill, SWGas is  
8 violating A.R.S. section 40-334 by granting them a "preference or advantage" over almost  
9 all other customers. See, e.g., *Marco Crane and Rigging v. Arizona Corporation Commission*,  
10 155 Ariz. 292, 298 (App. 1987) -- after citing A.R.S. section 40-334, the Court said that "[i]t  
11 would be discriminatory and therefore unlawful for Southern Union [Gas Company] to place  
12 Marco Crane in a better position than its other customers".) In view of this authority, SWGas  
13 must return to providing each customer with a fully itemized bill subject only to the ability of an  
14 individual customer to expressly opt-out of such a bill.

15 Consider the analogy of a racist restaurant owner who posted a sign excluding Black  
16 patrons, but did serve only those Blacks who complained of discrimination and demanded  
17 service. Such a policy would violate A.R.S. section 41-1442 despite the service to a few Black  
18 patrons.

19  
20 BILL FORMAT MODIFICATION

21 Giesecking seems to argue that SWGas does not want to be bothered with inquiries from  
22 its customers (A. 32 at 11:11-18). That would appear to deny its obligation to educate its  
23 customers. See Giesecking testimony under "Customer Relations and Education" at 8:19 to 9:14.

24 The example of a bill from Arizona Public Service is far more complicated than a bill  
25 from SWGas ever was during my experience over the past ten years (A.33 at 11:21-24 and  
26 Exhibit EG-1). My present bills from APS have 13 lines for electricity and five more for taxes  
27 and fees. These line items include the recently added Lost Fixed Cost Recovery (LFCR)

1 “adjustor”, an item similar in purpose to the MWA. Complainant suggests that SWGas follow  
2 the transparency exemplified by APS bills.

3 Complainant objects to the recent substitution of the exhibit for EG-2 based on relevancy  
4 and uniqueness. The existing EG-2 is for G-5 single-family residential gas service for standard  
5 income customers (as is Complainant’s bill) for 2002, whereas the new exhibit is for G-11  
6 multi-family gas service for low income customers in 2013 (after the 10-0458 rate case) and  
7 contains no amount due but only “APP”. The proposed replacement exhibit should be stricken  
8 because it is triply irrelevant, based not only on the different service and customer income but  
9 also because it is *sui generis*.

10 SWGas tacitly concedes that it did not simplify its bills because of customer requests but  
11 *only* because of the opinions of its own customer assistance managers and the ACC Consumer  
12 Services Staff (A.34 at 12:10-27). Nowhere does Giesecking mention an actual customer request  
13 for a simplified bill.

14 Giesecking mentions the Staff suggestion that “the Company consider providing the  
15 option for customers to continue to receive the detailed bill” (A.34 at 12:22-23), but fails to  
16 recognize that such an (opt-in) option violates A.R.S. section 40-334. (See above at 4:7-12.)

17 I do not recall receiving the notice of simplification mentioned by Giesecking (A.34 at  
18 12:25-27), but that notice (Exhibit EG-3) is silent on the MWA and says nothing about the  
19 foregoing option for a detailed bill. Again, SWGas has utterly failed to educate its customers  
20 about that option. No wonder so few of its customers have so opted! (See A.36 at 13:18-19.)

21 Giesecking mentions “the 2011 rate case” without stating its complete docket number  
22 (A.35 at 13:14), but I believe that should be 2010, based on the case number ending in 10-0458.

23 Giesecking discusses the “weather adjustment **calculation**” (A:38 at 14:1-10, emp. added),  
24 but Complainant never even suggested that the actual calculation be shown on a bill. He desires  
25 only that a line item for the MWA be included in all bills subject to opting-out, as discussed  
26 previously. (Complainant is requesting that all methods for calculating the MWA be described  
27 in the tariff. If that were done, then interested customers could for example learn of the data  
28 points that SWGas uses to compute a linear regression.)

1 CONCLUSION

2 Giesecking's testimony suggests that SWGas is ashamed of having to make ends meet by  
3 charging its customers via the MWA for therms that they never received nor burned. One can  
4 understand the difficulty of explaining to a customer why he or she is required to pay for a  
5 product or a service that was never used, but that is part of SWGas' educational responsibility.  
6 Surely SWGas can employ personnel who can satisfy that requirement.

7  
8 **Testimony of Robert Gray (Staff)**

9 INTRODUCTION

10 No rebuttal is necessary.

11  
12 RELIEF SOUGHT BY MR. GAYER

13 This is not relevant to Gayer's testimony and is confused by Gray's substituting a  
14 "WNA" (page 2:12-13, etc.) for the MWA used by Gayer and Giesecking.

15 Gray's recitation regarding the "relief sought" appears to be correct.

16 Gray concedes that customers of SWGas cannot calculate their bills from information in  
17 the tariff (Page 4:18-20), but he provides no remedy for that situation. He suggests only a baby  
18 step in the right direction in the form of a recommendation for an annual bill insert revealing the  
19 ability to opt-in for an itemized bill (page 8:14-16). Why not at least a monthly insert that  
20 mentions the MWA?

21 Gray's comments about MWAs (he calls then WNAs) used by other utilities outside of  
22 Arizona are interesting but irrelevant, since the laws of the State of Arizona, such as those cited  
23 by Complainant in his Direct Testimony and Formal Complaint, do not apply to those utilities.  
24 (Page 4:22 to 5:2.)

25 Gray discusses the "annual decoupling component" (page 5:9-24), but the Complaint  
26 herein does not mention that subject in any way and Complainant does not seek leave to amend  
27 in that regard. Therefore, Gray's remarks again seem to be irrelevant.



1 Gray's comments about "access to customer information" are confusing (page 6:12-22),  
2 since Gayer has not requested such access in any proceeding before the Commission. (He did  
3 make such a request to counsel for SWGas in a settlement discussion, but that request was  
4 denied and has been permanently withdrawn.) However, Gray's recommendation about  
5 "communicat[ing] more clearly and quickly with customers" (*id.*, at 16-20) certainly has merit.

6 As with SWGas, the Commission's Staff seems to be annoyed by inquiries to its  
7 Consumer Services Section, including inquiries regarding the bills of SWGas (page 7:4-20).  
8 But Complainant submits that this Section exists in part to answer such inquiries.

9 Staff supports the "current simplified bill" with the option for itemization (*id.*, at 18-19),  
10 but as with SWGas fails to address the illegality of that approach under A.R.S. section 40-334.

11 Gray next discusses the timing of the implementation of the simplified bill (page 7:22 to  
12 8:8), but supports the position of SWGas with weak language. That is, "staff does not see any  
13 *particular* connection" in that regard (page 8:3-4, emp. added) and that "to the best of Staff's  
14 knowledge" there was no effort to mask revenue decoupling by that timing (*id.*, at 6-8).

15 Complainant leaves the determination of this issue to the Administrative Law Judge.

16 Gray writes about a "significant expression of interest in a shift back to an itemized bill"  
17 (*id.*, at 12-13), but does not explain how a customer who has never been informed of the MWA  
18 would be moved to express such an interest. His recommendation about an annual "bill insert"  
19 (*id.*, at 14-16) falls way short of the mark; at the very least, an option for itemization should be  
20 printed on each simplified bill that mentions the MWA (but that would still not eliminate the  
21 violation of A.R.S. section 40-334).

22 Regarding the source of weather data being NOAA, Gray contradicts the direct testimony  
23 of Edward Gieseke as well as his own by admitting that SWGas uses a "third party vendor"  
24 (page 9:1-10). Gray again supports SWGas against Gayer by stating that SWGas should not be  
25 required to post weather data on its website (*id.*, at 17). Why not support transparency?

1 CONCLUDING PERSPECTIVES

2 Complainant generally agrees with the recommendations of Staff under this heading  
3 (page 9:22 to 11:19), but points out that they fall short of the mark by failing to correct the  
4 illegalities inherent in the methods used by SWGas to calculate the MWA. In addition, he  
5 points out that he has never alleged that SWGas has actually miscalculated its bills (although it  
6 is using illegal methods to calculate them), but he does assert in his direct testimony (page 2.22  
7 to 5:1) and repeats here that he had been misled over and over again by representatives of  
8 SWGas regarding the calculation of the MWA.

9  
10 SUMMARY OF TESTIMONY AND RECOMMENDATIONS

11 No rebuttal is necessary, since the points made here have already been covered.  
12

13 COMPLAINANT'S OVERALL CONCLUSIONS

14 Complainant desires to emphasize two or three points.

15 Both SWGas (Giesecking A.32 at 11:14-16) and Staff (Gray at 7:16-20) argue that a  
16 simplified bill should be continued in order to avoid customer calls to SWGas or the  
17 Commission. Both recite customer confusion but fail to recognize that it is the obligation of at  
18 least SWGas to reduce confusion through education. On education, see Order No. 72723 in  
19 Docket No. 10-0458.

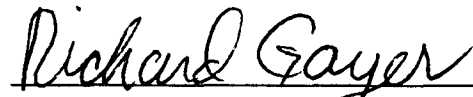
20 Neither Giesecking nor Gray discusses the fact that SWG's failure to show the Monthly  
21 Weather Adjustment Charge on all residential bills violates Rule 14-2-310(B)(2)(j) of the  
22 Arizona Administrative Code on minimum information requirements for such bills  
23 ("Adjustment factor, where applicable"). Note that the original and proper Exhibit EG-2  
24 contains a line for "Mo Gas Cost Adj", which is clearly an adjustment like the MWA that falls  
25 within the meaning of the foregoing rule. The original EG-2 should be retained.

26 It is important to note that the MWA never appeared on any bill by default or by an act of  
27 SWGas unless a customer expressly requested an itemized bill after the MWA became effective.  
28 One might be able to appreciate the arguments about confusion if the foregoing sequence had

1 been reversed, but that is not the case. The actual sequence of events shows that the MWA  
2 could not possibly have ever caused any confusion. Complainant urges the Commission to put  
3 an end to a business practice that attempts to reduce the alleged confusion of customers by  
4 hiding relevant information from them, which information Complainant contends is required by  
5 law to appear on customers' bills. SWGas has conceded that simplifying its bills "wasn't  
6 necessarily a cost savings measure". Statement of Jason Wilcock during proceedings of 4  
7 March 2014 (Transcript p. 5:23-24; see also at p. 8:15-16 (question from ACALJ Nodes).

8  
9 Dated: 2 June 2014

Respectfully submitted by,

10  
11 

12 RICHARD GAYER, Complainant  
13 526 West Wilshire Drive  
14 Phoenix, AZ 85003  
15 602-229-8954  
16 [rgayer@cox.net](mailto:rgayer@cox.net)

17 **CERTIFICATE OF SERVICE BY ELECTRONIC MAIL**

18 On 2 June 2014, I served a copy of this document via electronic mail on Respondent's  
19 attorney, Jason Wilcock, addressed to [jason.wilcock@swgas.com](mailto:jason.wilcock@swgas.com).

20 On the same date, I served another copy via electronic mail on Robert Gray of the  
21 Commission's Staff, addressed to [BGray@azcc.gov](mailto:BGray@azcc.gov).

22 I certify under penalty of perjury under the laws of the State of Arizona that the foregoing  
23 is true and correct.

24 Executed on 2 June 2014  
25 at Phoenix, Arizona

26   
27 RICHARD GAYER, Complainant  
28

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

\*\*\*\*

**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**



DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-004

When at any and all times subsequent to 1 January 2010 did SWGas "simplify" its customers' bills (by reducing the number of line items on those bills)?

RESPONDENT: Pricing and Tariffs

RESPONSE:

Prior to April 2005, the Southwest Gas bill format was very similar to the current bill format. However, in April 2005 Southwest Gas implemented a more detailed bill format. Southwest Gas began using the current bill format as the default format in March 2011.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

\*\*\*\*

**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-005

State all reasons that SWGas simplified its customer's bills?

RESPONDENT: Pricing and Tariffs

RESPONSE:

Prior to the most recent change in bill format, Southwest Gas' bill presented detailed calculations of rates, including separate lines for 1) Delivery Charge, 2) Rate Adjustment, 3) Department of Transportation (DOT) Safety Surcharge, 4) Monthly Gas Cost, 5) Basic Service Charge and 6) Applicable Revenue Taxes. Additional lines were displayed for usage differentiated (i.e. blocked) rate designs and for rate pro-rations when usage blocks and/or rates changed within a customer's billing period. In many cases, customers received multiple page bills. Displaying this level of detail often resulted in customer confusion and complaints. Southwest Gas undertook a review of its bill presentation compared to other utility bill presentations and concluded that its bill was more complicated than necessary and harder to understand compared with other utilities.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

\*\*\*\*

**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-006

Before SWGas simplified its customers' bills, did it receive any requests from its customers to do so? If so, then how many such requests did it receive?

RESPONDENT: Pricing and Tariffs

RESPONSE:

See response to ACC-GAYER-01-005 for a discussion of why Southwest Gas adopted its current bill format. The Company did not maintain records of comments from its customers pertaining to the bill format.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-009

In simplifying its customers' bills, what line items were deleted?

RESPONDENT: Pricing and Tariffs

RESPONSE:

When the bill format was modified, the Delivery Charge, Rate Adjustment and Monthly Gas Cost were combined into a single line item titled Usage Charges. When the monthly weather adjustment was approved, it was included in the Usage Charges line item.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-010

State all reasons that the foregoing line items were deleted. If potential customer confusion was a reason, then please explain in detail how the inclusion of the deleted items might confuse a customer.

RESPONDENT: Pricing and Tariffs

RESPONSE:

Southwest Gas' customer assistance managers and the Commission's Consumer Services Staff both supported the consolidation of line items referenced in response to ACC-GAYER-01-009 based on their customer interactions and knowledge that the previous bill format and its multiple rate and usage block pro-rations contributed to customer confusion.



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ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-011

In the period between 1 January 2011 and 1 January 2013, did any customer of SWGas contact SWGas regarding the deletion of line items from its bills after they had been deleted (so that the customers were then receiving "simplified" bills)? If so, then how many such contacts did SWGas receive and when was each one received?

RESPONDENT: Pricing and Tariffs

RESPONSE:

Since the implementation of its current bill format in March 2011, Southwest Gas has processed 626 requests from customers to receive a more detailed bill format. This represents 0.06 percent of the Company's total Arizona customer base.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-012

If any of the customers of SWGas mentioned in Request No. 1.11 did contact SWGas, please identify all relevant writings, recordings and photographs as defined in A.R.E. section 1001.

RESPONDENT: Pricing and Tariffs

RESPONSE:

Southwest Gas does not maintain the requested records.

**SOUTHWEST GAS CORPORATION  
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MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-016

At any time after 1 January 2010, has SWGas ever conducted a survey of its customers regarding their desires for a fully itemized bill? If so, then please state the date(s) of that survey, describe it in detail, and set forth the statistical results thereof. In addition, identify all relevant writings, recordings and photographs as defined in A.R.E. section 1001.

RESPONDENT: Pricing and Tariffs

RESPONSE:

Southwest Gas has not conducted a formal survey of its customers regarding their desires for a fully itemized bill.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-018

State all reasons that SWGas is **not** willing to send every customer a fully itemized bill (subject only to a given customer's option to request and obtain a "simplified" bill, as defined in Request No. 1.4, above)?

RESPONDENT: Pricing and Tariffs

RESPONSE:

In the Company's experience, the simplified bill better serves the majority of its customers' needs and desires. As mentioned in response to ACC-GAYER-01-11, only 626 customers or 0.06 percent of our customers have expressed a preference for an itemized bill. Overall, the simplified bill results in less customer confusion and fewer questions and complaints compared to the more detailed bill. However, the detailed bill is available for customers who desire that option.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-022

Identify by company name, geographical location and internet address (if any) the source(s) of the data used by SWGas for **actual** Heating Degree Days ("HDDs") that are used to calculate the MWAs for customers in each region or other area (e.g., city, county, etc.) served by SWGas in Arizona. If each such source is not the National Weather Service, then why not?

RESPONDENT: Pricing and Tariffs

RESPONSE:

Southwest Gas uses the following National Weather Service reporting stations to obtain actual heating degree day information used to calculate the monthly weather adjustment for customers in various cities in the Company's Arizona service territory:

| Service Area             | Reporting Station |
|--------------------------|-------------------|
| Dst 32 – Casa Grande     | KCGZ              |
| Dst 33 – Clifton/Morenci | KSAD              |
| Dst 34 – Bullhead City   | KIFP              |
| Dst 36 – Tucson          | KTUS              |
| Dst 42 – Phoenix         | KPHX              |
| Dst 44 – Ajo/Gila Bend   | KGBN              |
| Dst 46 – Globe/Oracle    | KGLB              |
| Dst 47 – Sierra Vista    | KFHU              |
| Dst 48 – Yuma            | KYUM              |
| Dst 49 – Wickenburg      | KDVT              |

Although weather data used in the calculation of the weather adjustment is derived from National Weather Service/NOAA reporting stations, and is available from the NOAA website free of charge, there may be a delay between the weather day and when the data is posted to the website. Because the monthly weather adjustment is a real-time customer specific calculation, Southwest Gas must have each day's actual weather data available the following day for billing purposes. Therefore, Southwest Gas utilizes a weather vendor Telvent.dtn to obtain all necessary daily actual weather data.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-023

Is SWGas willing to publish on its website the data it uses for "normal" HDDs? If not, then why not?

RESPONDENT: Pricing and Tariffs

RESPONSE:

Yes. However, it is not recommended. To date, only Mr. Gayer (i.e. one customer out of approximately 1,022,200 Arizona customers the Company serves) has expressed interest in obtaining the normal HDDs used by Southwest Gas to calculate its rates and the monthly weather adjustment. Unless additional demand develops for this information, it is more efficient to provide the information on a case by case basis, as the Company has done with Mr. Gayer.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-024

Is SWGas willing to publish on its website the data it uses for "actual" HDDs? If not, then why not?

RESPONDENT: Pricing and Tariffs

RESPONSE:

Yes. However, it is not recommended. Southwest Gas is committed to providing safe and reliable service at the best cost. This requires an efficient operation which balances the cost of performing an activity with the associated benefit. Posting the actual HDDs used to calculate customers' monthly weather adjustment would require associated programming and maintenance costs which would put upward pressure on rates for all customers. Given that only one customer to date has expressed interest in having access to the actual HDDs used to calculate the monthly weather adjustment, absent direction from the Commission the Company cannot justify the additional costs associated with posting the information. At this time, it is the Company's opinion that it is more cost effective to provide this information to customers on a case by case basis, as the Company has done with Mr. Gayer.

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-025

What if anything has SWGas done to educate its customers about decoupling in general and the MWA in particular? Please identify all relevant writings, recordings and photographs as defined in A.R.E. section 1001 regarding any such education.

RESPONDENT: Pricing and Tariffs

RESPONSE:

In making a judgment regarding how best to inform its customers about decoupling and the weather adjustment component of decoupling, Southwest Gas considered the consequence of providing information that could cause unnecessary customer confusion resulting in dissatisfaction with the Company's efforts.

Taking this into consideration, Southwest Gas determined the most efficient means of outreach and direct communication with customers regarding weather normalization was through its website [www.swgas.com](http://www.swgas.com). Through the website, the Company provided information about its decoupling mechanism (which included weather normalization). Also, the attached document, *Southwest Gas Proposed Settlement Agreement Overview*, was posted on the website during the conclusion of Southwest Gas' rate case when decoupling was implemented.

Additionally, the Company provided training to its customer assistance representatives to prepare them for questions related to decoupling, including the weather adjustment mechanism. Please refer to the attached document titled, *Customer Assistance Online Help*, for an example of materials prepared for the Company's customer service personnel. The Company also developed a process for customer service representatives to refer technical questions regarding the weather adjustment to senior personnel and ultimately to a subject matter expert in the Company's Pricing and Tariffs department.

This process enabled Southwest Gas to minimize its decoupling implementation costs and maximize efficiency by providing customers who had technical questions the "hands-on" service and personal attention of its Pricing and Tariffs department personnel. The success of the Company's approach can be measured by the fact that the number of customer assistance calls was actually lower following the most recent general rate case than after the previous case.



**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-027

Is the MWA an "adjustment" within the meaning of Rule 14-2-310(B)(2)(j) of the Arizona Administrative Code? If not, then why not?

RESPONDENT: Pricing and Tariffs

RESPONSE:

No. The term "adjustment factor" as used in ACC 14-2-310 B.2.j means a factor applied to customer meter recordings to adjust for differences in pressure due to elevation. (See ACC 14-2-310 H.)

**SOUTHWEST GAS CORPORATION  
DOCKET NO. G-01551A-13-0327  
MR. GAYER COMPLAINT**

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**ARIZONA CORPORATION COMMISSION  
MR. RICHARD GAYER  
ACC-GAYER-01  
(ACC-GAYER-01-001 THROUGH ACC-GAYER-01-033)**

DOCKET NO: G-01551A-13-0327  
COMMISSION: ARIZONA CORPORATION COMMISSION  
DATE OF REQUEST: 05/19/2014

REQUEST NO: ACC-GAYER-01-032

Before or at any time after applying an MWA of zero therms to a customer's bill because there were zero HDDs in the applicable billing cycle, did SWGas discuss or otherwise communicate about this matter with any Commissioner or person on the staff of the AzCC? If so, then please identify each such person as required by Request No. 1.1, above, provide the date(s) and a summary of each such discussion or communication, and identify all relevant writings, recordings and photographs as defined in A.R.E. section 1001.

RESPONDENT: Pricing and Tariffs

RESPONSE:

The implementation of this process step is necessary to address a division by zero error in the weather calculation when there are zero actual HDDs in the applicable billing cycle. Southwest Gas has not previously had any communications with any persons at the ACC regarding this process step.

Marco Crane and Rigging v. Arizona Corp. Com'n, 746 P.2d 33, 155 Ariz. 292 (Ariz.App.Div.2 11/10/1987)

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746 P.2d 33 (Ariz.App. Div. 2 1987)

1987.AZ.40072< <http://www.versuslaw.com>>

155 Ariz. 292

**MARCO CRANE AND RIGGING, dba Diamond T Trailer Park, Plaintiff/Appellant,**

**v.**

**ARIZONA CORPORATION COMMISSION, Defendant/Appellee,**

**and**

**Southern Union Gas Company, Intervenor/Defendant/Appellee.**

**No. 2 CA-CV 87-0232.**

**Court of Appeals of Arizona, Second Division, Department A**

**November 10, 1987**

Snell & Wilmer by Daniel J. McAuliffe and Eileen J. Moore, Phoenix, for plaintiff/appellant.

Arizona Corporation Com'n by Janice M. Urbanic, Phoenix, for defendant/appellee.

Evans, Kitchel & Jenckes, P.C. by Lex J. Smith and Robert J. Itkin, Phoenix, for intervenor/defendant/appellee.

OPINION

HOWARD, Presiding Judge.

This is an appeal from the granting of a summary judgment. Appellant Marco Crane and Rigging (Marco Crane) is the owner of a trailer park in Coconino County known as the Diamond T Trailer Park. This park is located in the service territory certified to Southern Union Gas Company (Southern Union). The issue in this case is whether Southern Union is required to pay for the replacement of deteriorated gas pipes located in the trailer park. The answer is no.

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[155 Ariz. 293] The facts in this case are undisputed. The trailer park contains approximately 50 trailer spaces which are rented to tenants. Prior to March 31, 1981, Southern Union provided natural gas service to the trailer park to a point of delivery on the perimeter of Marco Crane's property. The tenants of the Diamond T Trailer Park received gas service from the point of delivery to the point of consumption through gas pipes which were owned and operated by Marco Crane and located on and within its private trailer park property.

Southern Union provided gas utility service to Marco Crane as the consumer of record through a master meter located on Marco Crane's Diamond T property. Marco Crane was billed directly for all gas consumed by the trailer park tenants and had sole and complete responsibility, as a consumer of record, for the payment for gas



service rendered to the trailer park during this time. None of the individual trailer park tenants had accounts with Southern Union for service during this time. Marco Crane billed the Diamond T residents directly for gas service on a pro rata basis; it did not pass along to its tenants any of the costs associated with the ownership, operation or administration of its gas distribution system.

On April 1, 1981, a train derailment involving a number of propane tank cars occurred in an area immediately adjacent to the trailer park. Gas leaks were discovered in the trailer park's privately owned gas pipes within the park, and Southern Union temporarily disconnected service in order to avoid an explosion. After this emergency ended, Southern Union was unable to restore gas service because numerous leaks made continued gas service hazardous. This gas service was authorized by Southern Union's tariffs.

Marco Crane hired an outside plumbing concern to repair its gas pipes within the trailer park, which determined that the piping was beyond repair. Marco Crane decided to replace the trailer park gas service lines and requested Southern Union's assistance. The lines were replaced and individual meters were installed on the Diamond T property. Southern Union sent Marco Crane a bill for the labor and material it expended in replacing Marco Crane's trailer park gas lines. When Marco Crane refused to pay, Southern Union filed a complaint in the Coconino County Superior Court. Marco Crane filed a complaint with the Corporation Commission against Southern Union praying for a declaration that Southern Union was obligated to replace the privately owned natural gas lines and related facilities of Diamond T at Southern Union's own expense. The superior court action was stayed pending a determination by the Corporation Commission. After a public hearing and after all the issues had been briefed and argued, the commission received a recommended opinion and order from the chief hearing officer, finding that Southern Union was not required to install the gas lines in question at its own expense and that Southern Union's tariffs permitted it to require and obtain reimbursement from Marco Crane for services provided in installing any replacement gas lines. Thereafter, the commission considered the hearing officer's recommended opinion and order and rendered its own decision determining that (1) Southern Union's lawfully approved tariffs did not require Southern Union to replace at its own expense and/or thereafter operate yard lines located entirely on the property of another, and (2) the charges assessed by Southern Union for services provided to Marco Crane in connection with the replacement of said yard lines were not prohibited by any provision of Southern Union's tariffs and were specifically authorized by section 12 of the tariffs.

Marco Crane then filed a complaint in the Maricopa County Superior Court seeking review of the commission's decision and moved for summary judgment against the commission and Southern Union. Southern Union and the commission each filed cross-motions for summary judgment against Marco Crane, which the trial court granted.

Before discussing the substantive issues involved in this case, it is worthwhile to note the burden of proof which Marco Crane must sustain in order to prevail.

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[155 Ariz. 294] This burden is set forth in A.R.S. § 40-254(E) which provides:

"In all trials, actions and proceedings the burden of proof shall be upon the party adverse to the commission or seeking to vacate or set aside any determination or order of the commission to show by clear and satisfactory evidence that it is unreasonable or unlawful."

Not only is there a higher burden of proof in these cases, but there is also a judicial deference to the expertise of the commission. Interpretation of technical terms and provisions in public utilities rate schedules is peculiarly within the realm of the commission's expertise, and the courts will sustain the commission's ruling on the meaning of such technical rate schedules where the decision is based upon reasonable interpretation of the instrument. *Utah-Idaho Sugar Company v. Intermountain Gas Company*, 100 Idaho 368, 597 P.2d 1058 (1979).

The superior court affirmed the decision of the Corporation Commission. The scope of appellate review in these cases is as set forth in *Tucson Electric Power Company v. Arizona Corporation Commission*, 132 Ariz. 240,

244, 645 P.2d 231, 235 (1982):

"It should be noted that an appellate court reviews the Superior Court's decision and not the Commission's, and a Superior Court's ruling on the Commission's decision will be upheld if supported by reasonable evidence. [citation omitted] If the Superior Court has disturbed the Commission's findings, an appellate court will examine the Superior Court's contrary conclusions to see if they are supported by clear and satisfactory evidence. A.R.S. § 40-254(E)."

Marco Crane argued below and argues on appeal that Southern Union's tariffs sections 4, 5, 12 and 16 require Southern Union to pay for the pipelines replaced by Southern Union at Marco Crane's request. Section 4 provides:

"The point of delivery for all gas delivered to any consumer shall be at the point of interconnection between the facilities of the Company and those of such consumer. Unless otherwise agreed to in writing by the Company such interconnection shall be located at the point on the consumer's property line most accessible to the Company's distribution system or requiring the shortest extension of the Company's existing distribution mains." (Emphasis supplied.)

Under section 4 the point of delivery is deemed to be located at the customer's property line most accessible to existing Southern Union facilities, unless a different point is designated in writing by both Southern Union and the customer. No such alternative designation was made in this case and, therefore, Marco Crane's property line is the "point of delivery." As the commission noted in its decision:

"Diamond T has also attempted to avoid the application of Sections 4, 5, and 12, by arguing that the individual tenants must be considered as customers for purposes of determining the relative responsibilities of the parties, rather than Diamond T. We agree with Southern Union that financial responsibility is ordinarily fixed by the relation of the parties at the time the disputed expenditure is incurred and not by some sort of ex post facto reconstitution of that relationship."

The position taken by the commission is a reasonable and logical conclusion. The financial responsibility between the parties must be fixed by the relation of the parties at the time the disputed expenditure is incurred. The replacement was done by Marco Crane's request, and at the time of the request Marco Crane was the consumer.

The commission found that, as between Southern Union and the property owner, the responsibility for facilities beyond the point of delivery, that is, the Marco Crane property line, is with the property owner. It based this upon sections 12(a) and (b) of the tariff, which provide:

"(a) When the meter is located on the consumer's property line, the Company at its own expense, shall make the necessary connection at the point of delivery between its facilities and those of the consumer, and shall furnish and install

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[155 Ariz. 295] the service cock, any necessary regulator, the meter and the upstream side of the meter loop. The consumer, at his own expense, shall furnish and install all other pipe, fittings and connections between the point of delivery and the place of consumption.

(b) When the meter is located other than on the consumer's property line, the Company shall furnish and install the meter, and shall also furnish the service cock and any necessary regulator, but the Company may require the consumer, at his own cost and expense, to install said service cock and regulator (which shall remain the property of the Company), to furnish and install both sides of the meter loop and to make all other connections (except at the meter) between his facilities and those of the Company. In any event, in such situations the service line between the point of delivery and the meter shall either be furnished and installed by the consumer or, if the

Company so elects, such service line may be furnished and installed by the Company and the consumer required to reimburse the Company in advance for the estimated cost thereof." (Emphases supplied.)

We believe that the commission was correct. Under section 12(a) and (b) the company is required to furnish and install a meter, service cock and regulator. The cost of installing service lines downstream from the point of delivery, the Diamond T property line, is clearly the responsibility of the consumer, Marco Crane.

Marco Crane argues that section 12(a) does not apply because section 12(e) specifically applies to mobile homes. Section 12(e) provides:

\* \* \*

\* \* \*

"The Company may decline service to mobile residences or portable or other temporary structures if the conditions do not, in its opinion, afford adequate protection for the occupant(s) thereof, or the persons or property of others. If service is rendered, the occupant(s) may be charged a non-refundable connect charge of \$25 (as a contribution in aid of construction) payable in advance to defray a portion of the Company's cost in constructing or renewing a service line from its main to a connection with the consumer's yard line." (Emphasis supplied.)

We do not agree with Marco Crane's contention. Section 12(e) does not apply to replacement of a service line upon request by the customer, but only to the installation of service lines to new mobile home residents upon original application.

Marco Crane asserts that section 5 of the tariffs makes Southern Union responsible for the costs of installation of the replacement service line. We do not agree. Section 5 states:

"(a) The Company shall be responsible for the safe conduct and handling of the gas until it passes the point of delivery specified in Section 4 of these regulations ... [and] for the safe installation of its meter, service cock, regulator and related fittings, and shall be responsible for the safe maintenance of all property of the Company installed either by the Company or by the consumer downstream of the point of delivery....

[T]he entire responsibility for the safe conduct, handling and utilization of the gas after it passes the point of delivery shall be that of the consumer.

(b) Although the Company assumes no responsibility for the safe upkeep or operating conditions of any consumer's service line downstream of the point of delivery, ... the Company may refuse to turn on the gas to any consumer's premises until all the consumer's pipes and appliances have been tested and found to be ... safe and free from leaks and in good, safe, operating condition...." (Emphasis supplied.)

Section 5 stands for the basic principle that the private property owner must maintain its private property, and the utility company is responsible for company property.

The weakness of Marco Crane's arguments is reflected in the following exchange between the commission's hearing officer and Marco Crane's president, Daniel Mardian:

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[155 Ariz. 296] "Q. Mr. Mardian, I just have two questions here. Other than the fact that the system operates within the trailer park, which I think has been marked Complainant's Exhibit No. 1, other than the fact that it is now a new system rather than the system that was installed when you first bought the trailer park, how was your position under the company's interpretation any different than it was prior to this whole dispute arising?

A. One, there are individual meters that the people all paid deposits (sic) and pay directly instead of paying to the trailer park, and two, I never liked the idea. I don't know anything about the gas lines. It scares me. We didn't want any of that.

Q. But that was the same situation. The latter one, whether one likes it or not, the responsibility of having to deal with gas equipment yourself, that was something that you had when you first bought the property.

A. Yes.

Q. I understand that you would like to get rid of that responsibility, but that has not changed under the company's interpretation of the situation, so the remaining difference would be that, rather than the customer paying you and you paying Southern Union, they pay Southern Union direct. Correct?

A. That's correct, they pay Southern Union directly. They don't pay Diamond T. They used to pay Diamond T."

Marco Crane contends that section 16(b) of the tariff mandates that Southern Union pay the cost of installing new lines because the applicants were the Diamond T residents and the company had the responsibility to install necessary facilities to provide gas to applicants for service. We do not agree. Section 16(b) states:

"(b) ... After receipt of the application [for service] the Company shall determine the extent of the facilities required to provide the service, the estimated cost of such facilities and the number of potential customers ... if a list of potential customers is furnished by the initial applicant. The design and resultant cost of facilities shall be based on the delivery of gas in the required volumes from the nearest adequate source in accordance with the Company's standard engineering and construction practices and shall include mains.... Individual service lines and customer metering and regulating equipment shall not be included." (Emphasis supplied.)

Subsection (b) specifically excludes the individual service lines (yard lines) that are involved in this dispute. Furthermore, as observed by the commission's decision, 16(b) would make no sense whatsoever if it were to be applied to a mere reconfiguration of existing customer service. It is designed to protect Southern Union customers from uneconomic extensions of gas service which would otherwise require significant cost subsidies from established operations. In effect, section 16 expresses the commission-approved policy that without the likelihood of additional customers, there would be no economic reason to extend the company's mains.

Marco Crane also asserts the applicability of section 16(c) and (d) of the tariff. Upon reading these sections it is clear that they apply only to new customers.

Marco Crane's next attack on the tariffs is that they are ambiguous and must be strictly construed against Southern Union. We do not agree. Marco Crane's argument here is reminiscent of the argument made by the pipeline in *Southern Pacific Pipe Lines, Inc. v. U.S. Department of Transportation*, 796 F.2d 539 (D.C.Cir.1986). There the Court stated at 542:

"Recognizing that its suggested construction strains the Act's language, petitioner describes the statute as ambiguous and urges us to seek guidance from the legislative history. In effect, petitioner is making a classic bootstrap argument by advancing a construction of the Act that renders it confusing and then using that confusion to justify avoiding the plain meaning axiom. We need not decide whether recourse to the legislative history is required here--whether the plain meaning rule applies--because even after examining that history we believe

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[155 Ariz. 297] the agency's construction is reasonable."

In 1982 the commission adopted A.C.R.R. R14-2-305, which requires all new construction and/or extension of existing mobile home parks to be served with individual meters and not master meters. Marco Crane contends

that if Southern Union's tariffs are interpreted to require Marco Crane to pay for the new gas facilities at Diamond T, the result would be a total frustration of the policy adopted by the commission to avoid the use of master meters. In addition, Marco Crane argues that it is unjust to require it to pay for the replacement of its deteriorated, privately-owned gas pipes when it is not receiving any revenue whatsoever in connection with the use of such facilities. We do not agree with these contentions. Marco Crane skips over the fact that this dispute arose a year before the master meter regulation was adopted. The replacement of Diamond T's service pipe lines did not involve the construction of a new mobile home park. The rule would only apply if it were an expansion of an existing mobile home park. Expansion is defined and limited to construction which has been started for additional permanent residents' spaces after the effective date of the rule. The effective date of the rule was March 2, 1982, nearly a year after the replacement of Diamond T's pipes. In addition, in the Diamond T situation, the replacement of existing pipes to serve existing trailer spaces was not construction for additional spaces. Moreover, the commission fully considered requiring conversion of existing master meter trailer parks when it drafted A.C.R.R. R14-2-305. Such a conversion policy was specifically rejected by the commission as being too expensive and inequitable.

Marco Crane launches a constitutional attack against the tariffs contending that if they are read to require it to pay for its replaced lines, the tariffs are discriminatory because existing customers are required to pay for replacement whereas new additional customers are not required to pay for installed lines. Marco Crane also contends that the construction given to the tariffs by the commission constitutes a taking of its property without payment or just compensation because "if Southern Union's tariffs are read to require Marco to pay for and own the new facilities, the Commission and superior court would, in effect, be requiring Marco to devote its property to a use for profit by Southern Union, but without any compensation to Marco." We find these arguments to be totally devoid of any merit.

The Arizona Constitution forbids discrimination by public utilities in rates, service, or facilities. Ariz. Const. Art. 15, § 12. A.R.S. § 40-334 states:

"A. A public service corporation shall not, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any person or subject any person to any prejudice or disadvantage.

B. No public service corporation shall establish or maintain any unreasonable difference as to rates, charges, service, facilities or in any other respect, either between localities or between classes of service.

C. The commission may determine any question of fact arising under this section."

A public service corporation must treat all similarly situated customers alike. It cannot extend a privilege to one and refuse the same privilege to another. *People ex rel. Western Union Telegraph Co. v. Public Service Commission*, 230 N.Y. 95, 129 N.E. 220 (1920).

In *Town of Wickenburg v. Sabin*, 68 Ariz. 75, 200 P.2d 342 (1948), the court stated:

"A public service corporation is impressed with the obligation of furnishing its service to each patron at the same price it makes to every other patron for the same or substantially the same or similar service. It 'must be equal in its dealings with all.' It 'must treat the members of the general public alike.' ... There must be equality of rights to all and special privileges to none." (At 77, 200 P.2d at 343, citing *McQuillin Municipal*

Page 39

[155 Ariz. 298] Corporations, 2d Ed. Vol. 4, Section 1829.)

It would be discriminatory and therefore unlawful for Southern Union to place Marco Crane in a better position than its other customers. This is precisely what Marco Crane wants when it argues it is entitled to a windfall by free replacement of its own deteriorated gas lines. Marco Crane's discrimination argument fades into the mist out of which it was conceived when it is remembered that if the system could have been repaired, Marco Crane



clearly would have had to pay for the repairs.

The New Jersey Board of Public Utility Commissions dealt with a similar issue and found that the discriminatory allegations were baseless and contrary to public policy. In *Superior Propane Co. v. South Jersey Gas Company*, 60 P.U.R.3d 217 (N.J.1965), the petitioner had claimed that the new tariff charges were discriminatory because new customers did not have to pay for installation of gas lines while the existing customers had paid for pipe installation beyond 50 feet. The commission ruled that to adopt petitioner's theory would in effect freeze all such tariff provisions. To thwart a public utility from liberalizing the conditions under which utility service can be supplied to new customers is adverse to public interest.

Marco Crane argues that making it pay for the new lines and giving it ownership of such new lines constitutes a taking because it gets no value from such lines, whereas Southern Union derives revenues from the gas flowing through the lines to the trailer pads. We do not agree. Marco Crane has received a benefit from the replacement of its leaky, deteriorating and privately-owned gas pipes. Such a capital investment increases the value of the trailer park. Furthermore, one can assume that a prudent trailer park owner would recoup such capital expenditures through rents for the use of the trailer spaces.

Marco Crane did not bear its burden of proof in the trial court. More than that, Marco Crane's position, on its face, makes no sense.

Affirmed.

LACAGNINA, C.J., and LIVERMORE, J., concur.

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Jan 2011

13-0327

**NOTICE TO SOUTHWEST GAS CORPORATION (SWG) ARIZONA CUSTOMERS**

**CUSTOMER QUESTIONS OR ASSISTANCE NEEDED?** Visit [www.swgas.com](http://www.swgas.com) and create a MyAccount to view, manage, and customize your gas account online, or call our local toll-free number (llamada gratis) at 1-877-860-6020 for billing questions.

**Basic Service Charge and Delivery Charge** - These charges recover the costs of operating the natural gas distribution system.

**Billing Factor** - The billing factor is used to convert the metered volume of gas into units of heat energy which are called therms. SWG bills customers on a per therm basis for the amount of energy contained in the gas delivered. The current reading minus the previous reading, times the billing factor, equals the number of therms you have used in the current billing period.

**Customer-Owned Gas Piping** - Customers may have underground gas piping that is not maintained by SWG. (Reference Federal Regulation, 49 CFR Part 192.16, related to customer notification for customer-owned gas piping.) This piping is typically located between the gas meter and a building or outdoor appliance. Buried steel gas lines are subject to the effects of corrosion if they are not maintained, which could result in leakage. To ensure gas piping safety and longevity, it is important that gas piping be periodically monitored to identify these potential problems before they become hazardous. Qualified plumbing and heating contractors can assist in locating, inspecting and repairing customer-owned buried piping. Any problems identified must be repaired immediately. For assistance in reviewing your underground gas piping repair, relocation, replacement and maintenance options, call SWG, Energy Services toll-free at 1-800-654-2765. Remember when excavating near buried gas piping, the piping should be located in advance and excavation done by hand.

**Deposits** - If you are an existing customer, your deposit will be credited to your account, with any applicable interest, after continuous service and timely payment of bills in accordance with SWG commission approved rules. If your service has been discontinued, either at your request or by SWG, your deposit, plus any applicable interest, will be refunded to you, less the amount of any unpaid bills.

**Disconnection of Service at Customer Request** - Please call SWG at least five (5) working days in advance of the date you wish to have service disconnected. If SWG is not notified, service will continue to be billed to the customer of record.

**DOT Safety Surcharge** - This charge recovers the cost of government mandated pipeline safety programs.

**Electronic Check Conversion** - When a check is provided as payment, SWG is authorized to either use information from the check to make a one-time electronic funds transfer from the account or to process the payment as a check transaction.

**Emergency Service** - In case of an emergency or if you smell natural gas, call SWG: Phoenix/Central Arizona 1-800-528-4277, Tucson/Southern Arizona 1-800-722-4277, Bullhead City, Parker, and Ehrenberg 1-800-447-5422, or dial 911.

**Low Income Residential Discount** - Provides a 20 percent discount to income-qualified customers. This is applied to the first 150 therms of natural gas used each month from November 1 through April 30.

**Monthly Gas Cost** - This charge recovers the cost of natural gas purchased by SWG on behalf of its customers.

**Notice to Employers** - Request a Material Safety Data Sheet (MSDS) for natural gas by calling Energy Services at 1-800-654-2765 or visiting [www.swgas.com/emergencysafety](http://www.swgas.com/emergencysafety). Please ensure your employees know how to obtain MSDS information.

**Past Due Date/Late Pay Charge** - The monthly bill is due and payable upon presentation and becomes past due if not paid by the "Past Due After" date on the bill. A late pay charge may be added to any past due amount.

**Rate Adjustment** - Includes costs for Low Income Ratepayers Assistance (LIRA) program, Demand Side Management (DSM) energy efficient programs and Research and Development (R&D) for gas research.

**Rates and Other Information** - The Rules and Rate Schedules of SWG are available at your nearest SWG Customer Business Office or by going online at [www.swgas.com](http://www.swgas.com). The address and telephone number of the office that serves you are printed on the front of this bill (top).

**Right of Access and Bill Estimation** - SWG will have the right of access to your premises for any purpose normally connected with the furnishing of natural gas service(s). If SWG is unable to read a meter on the scheduled date because of circumstances beyond its control, SWG will calculate the bill based upon estimated usage for that billing period.

**Service Establishment and Reestablishment Charge** - For each establishment of service there is a charge which appears on the first bill following the establishment of service. This charge partially covers the costs incurred to set up the service and create the account in the Southwest Gas billing system. Whenever gas service is turned off because of nonpayment, the delinquent bill, plus a reestablishment charge, must be paid and credit reestablished before service will be restored.

**Special Services** - Every effort will be made to ensure uninterrupted service to residential customers who notify SWG about permanent residents in their household who are seriously ill, disabled, or elderly. Also, in an effort to avoid service being turned off, any residential customer may elect to designate a third party (agency or individual) to receive a copy of all Disconnect Notices.

Should you believe you have been billed incorrectly, please contact SWG at our toll-free number (llamada gratis) 1-877-860-6020. If you thereafter wish to dispute this bill, you should pay the undisputed portion of the bill and notify SWG that the amount unpaid is in dispute. Service will be continued pending investigation by SWG. Upon notification by SWG of its investigation results, you may pay the amount due within five (5) working days to prevent discontinuance of service. If the dispute is not resolved, you should submit a written statement of the facts of the dispute to the Arizona Corporation Commission at 1200 West Washington Street, Phoenix, Arizona 85007 (602) 542-4251 or toll-free 1-800-222-7000, or 400 West Congress Street, Suite 218, Tucson, Arizona 85701 (520) 628-6550 or toll-free 1-800-535-0148.

EXHIBIT

G-5  
ADMITTED

tabbles

**SOUTHWEST GAS CORPORATION**

01SW21000289950101010000010

13-0327

Customer Assistance  
Asistencia al Cliente  
Toll Free/Llamada Gratis  
**1-877-860-6020**

PO Box 98890  
Las Vegas NV 89193-8890

Hearing Impaired: Dial 711  
[www.swgas.com](http://www.swgas.com)

PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS

RICHARD GAYER  
526 W WILSHIRE DR  
PHOENIX AZ 85003-1029

Service Address: 526 W WILSHIRE DR

85003

Rate Schedule: 010/G-5 RESIDENTIAL GAS SERVICE

Your Local Office Is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|-----------------|-------|-------------|----------------|-----------------------|
| 421-0680400-022 | 20    | 03/08/11    | 03/28/11       | \$105.30              |

**PREVIOUS BILLING:**  
 Previous Balance 122.45  
 Payment(s) Since Last Bill - Thank You *March* 123.00CR  
 Balance Forward *Covers Feb* \$0.55CR

**CURRENT BILLING:**  
 Meter Reading: Current 30 Days Mar. 04 - Previous Feb. 02 = 73 X .9865 = 72  
 Billing Factor = Total Therms

Delivery Charge 72 Therms X .570700 = 41.09  
 Rate Adjustment Total Therms X .064750 = 4.66CR  
 DOT Safety Surcharge Total Therms X .000750 X 26/30 Days = 0.05  
 Total DOT Safety Surcharge  
 Monthly Gas Cost Total Therms X .651880 = 46.94  
 Basic Service Charge 10.70  
 Applicable Revenue Taxes 11.73

Current Bill \$105.85

*Wells 2922  
14 Jan 2011? \$106.00*

\*\*\* Sign up for paperless billing at [www.swgas.com](http://www.swgas.com) \*\*\*

**Due on or before: 03/28/11** Amount due: **\$105.30**

**Important Messages:**  
 Your next meter read date is: Apr. 04, 2011

VISIT US AT [WWW.SWGAS.COM](http://WWW.SWGAS.COM) TO CREATE A MYACCOUNT AND SIGN UP FOR PAPERLESS BILLING. YOU CAN VIEW AND MANAGE YOUR ACCOUNT ONLINE AND MAKE SECURE ONLINE PAYMENTS FROM THE CONVENIENCE OF YOUR HOME OR OFFICE.

**Gas Usage History Information:**

|            | Therms / Days | Avg Daily Therms | Avg Monthly Temperature |
|------------|---------------|------------------|-------------------------|
| This Month | 72 / 30 =     | 2.40             | 56                      |
| Last Month | 83 / 29       | 2.86             | 56                      |
| Last Year  | 56 / 30       | 1.87             | 58                      |

**Temperature History:**

| Previous Balance | Payments & Adjustments | Balance Forward | Current Bill | Current Balance | AMOUNT DUE |
|------------------|------------------------|-----------------|--------------|-----------------|------------|
| 122.45           | - 123.00               | 0.55CR          | + 105.85     | = 105.30        | \$105.30   |

PLEASE SEE REVERSE SIDE FOR RULES AND REGULATIONS • RETURN BOTTOM PORTION WITH PAYMENT

**SOUTHWEST GAS CORPORATION**

01SW21000293620101011000010

13-0327

Customer Assistance  
Asistencia al Cliente  
Toll Free/Llamada Gratis  
**1-877-860-6020**

PO Box 98890  
Las Vegas NV 89193-8890

Hearing Impaired: Dial 711  
www.swgas.com

PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS



RICHARD GAYER  
526 W WILSHIRE DR  
PHOENIX AZ 85003-1029

Service Address: 526 W WILSHIRE DR 85003  
Rate Schedule: 010/G-5 RESIDENTIAL GAS SERVICE  
Your Local Office Is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|-----------------|-------|-------------|----------------|-----------------------|
| 421-0680400-022 | 20    | 04/07/11    | 04/26/11       | \$38.56               |

**PREVIOUS BILLING:**

Previous Balance

Payment(s) Since Last Bill - Thank You

105.30  
106.00CR

Balance Forward

\$0.70CR

**CURRENT BILLING:**

Meter Reading:

32 Days

Current

Previous

Billing

Total

Apr. 05

Mar. 04

Factor

Therms

126 -

105 =

21 X

.9846 =

21

Usage Charges

24.20

Basic Service Charge

10.70

DOT Safety Surcharge

0.01

Applicable Revenue Taxes

4.35

Current Bill

\$39.26

Wells 2936

15 Apr 2011

\$40.00

\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

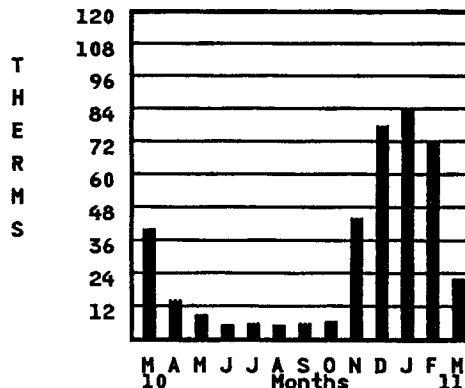
**Due on or before: 04/26/11****Amount due: \$38.56****Important Messages:**

Your next meter read date is: May 03, 2011

SAVE TIME. SAVE TREES. PAPERLESS BILLING IS FAST  
AND EASY. SIGN UP FOR PAPERLESS BILLING AT  
WWW.SWGAS.COM AND REDUCE THE PAPER CLUTTER.

**Gas Usage History Information:**

|            | Therms / Days | Avg Daily Therms | Avg Monthly Temperature |
|------------|---------------|------------------|-------------------------|
| This Month | 21 / 32 =     | 0.66             | 70                      |
| Last Month | 72 / 30 =     | 2.40             | 59                      |
| Last Year  | 39 / 29 =     | 1.34             | 65                      |



| Previous Balance | Payments & Adjustments | Balance Forward | Current Bill | Current Balance | AMOUNT DUE |
|------------------|------------------------|-----------------|--------------|-----------------|------------|
| 105.30           | - 106.00               | = 0.70CR        | + 39.26      | = 38.56         | \$38.56    |

PLEASE SEE REVERSE SIDE FOR RULES AND REGULATIONS • RETURN BOTTOM PORTION WITH PAYMENT



# SOUTHWEST GAS CORPORATION

13-0327

Customer Assistance  
Asistencia al Cliente  
Toll Free/Llamada Gratis  
1-877-860-6020

210105120252710101010000010

PO Box 98890  
Las Vegas NV 89193-8890

Hearing Impaired: Dial 711  
www.swgas.com

PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS



RICHARD GAYER  
526 W WILSHIRE DR  
PHOENIX AZ 85003-1029

3 0 0 0 0  
6 0 0 0 0  
9 0 0 0  
369,000 ft<sup>3</sup>  
85003

Service Address: 526 W WILSHIRE DR  
Rate Schedule: 010/G-5 RESIDENTIAL GAS SERVICE  
Your Local Office Is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|-----------------|-------|-------------|----------------|-----------------------|
| 421-0680400-022 | 20    | 01/06/12    | 01/25/12       | \$140.19              |

PREVIOUS BILLING:  
Previous Balance  
Payment(s) Since Last Bill - Thank You

59.99  
60.00CR

Balance Forward

\$0.01CR

CURRENT BILLING:  
Meter Reading: Current 33 Days Previous  
Jan. 03 Dec. 01  
306 - 205 = 101 X

Billing Factor .9865 =

Total Therms 100

Usage Charges  
Basic Service Charge  
DOT Safety Surcharge  
Applicable Revenue Taxes

113.98  
10.70  
0.05  
15.47

Current Bill

\$140.20

386  
306  
80  
4 Feb

369  
306  
63  
Wells 3041  
11 Jan 2012

\$141.00

27 Jan 0369 (Furnace Runs) 0369+ 8:14 am  
11:10 am 0369+ 4:55p 0370

\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

28 Jan 8:15 am 0372

11:30 am 0372+

Due on or before: 01/25/12

Amount due: \$140.19

Important Messages: 29 Jan 8:25 am 0374- 11:54 pm 374+  
Your next meter read date is: Feb. 02, 2012

THE EQUAL PAYMENT PLAN (EPP) CAN HELP YOU MANAGE  
YOUR BUDGET. THE PLAN EQUALIZES YOUR GAS BILL  
INTO 12 MONTHLY PAYMENTS AND IS REVIEWED QUARTERLY  
AND ADJUSTED ACCORDINGLY. THE EPP PROGRAM IS FOR  
RESIDENTIAL CUSTOMERS ONLY.

Mon 30 Jan 8:05 am 0376-

Tue 31 Jan 8:15 am 0377+

Gas Usage History Information:

This Month Therms / Days =

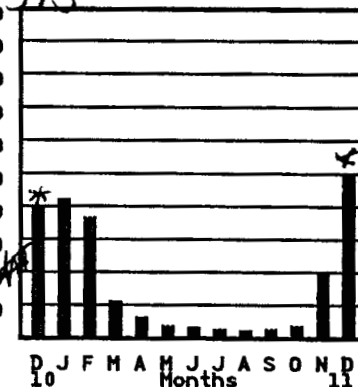
Last Month 40 33 1.21

Last Year Sat 4 Feb 8:23 am 0386

Avg Daily Therms 3.03

Avg Monthly Temperature 60

T 180  
H 160  
E 140  
R 120  
M 100  
S 80  
W 60  
Th 40  
F 20



| Previous Balance | Payments & Adjustments | Balance Forward | Current Bill | Current Balance | AMOUNT DUE |
|------------------|------------------------|-----------------|--------------|-----------------|------------|
| 59.99            | - 60.00                | = 0.01CR        | + 140.20     | = 140.19        | \$140.19   |

PLEASE SEE REVERSE SIDE FOR RULES AND REGULATIONS • RETURN BOTTOM PORTION WITH PAYMENT

Legal Dept 13-0327 1-877-860-6020  
**NOTICE TO SOUTHWEST GAS CORPORATION (SWG) ARIZONA CUSTOMERS**

**CUSTOMER QUESTIONS OR ASSISTANCE NEEDED?** Visit [www.swgas.com](http://www.swgas.com) and create a MyAccount to view, manage, and customize your gas account online, or call our local toll-free number (llamada gratis) at 1-877-860-6020 for billing questions.

**Basic Service Charge** - This monthly charge recovers a portion of the cost for delivering natural gas.

**Billing Factor** - The billing factor is used to convert the metered volume of gas into units of heat energy when billed in therms. SWG bills customers on a per therm basis for the amount of energy contained in the gas delivered. The current reading minus the previous reading, times the billing factor, equals the number of therms you have used in the current billing period.

**Customer Buried Gas Piping** - Customers may have underground gas piping that is not maintained by SWG. (Reference Federal Regulation 49 CFR Part 192.16) This piping, which is typically located between the gas meter and a building or outdoor gas appliance, may consist of buried steel gas lines. Steel gas lines are subject to the effects of corrosion if they are not maintained, which could result in leakage. Regardless if the pipe is steel or plastic, it is important that underground natural gas piping is periodically monitored to identify potential problems that might cause a hazardous condition. Federal regulations encourage customers to employ qualified plumbing and heating contractors for all inspections, monitoring, and repairing of customer buried gas piping. Unsafe conditions discovered must be repaired immediately. For assistance in locating licensed plumbers or contractors for reviewing relocation, replacement, or maintenance options, call Energy Services at 1-800-654-2765. Remember, call before you dig to locate gas piping in advance, and excavate by hand.

**Deposits** - If you are an existing customer, your deposit will be credited to your account, with any applicable interest, after continuous and timely payment of bills in accordance with SWG commission approved rules. If your service has been discontinued, either at your request or by SWG, your deposit, plus any applicable interest, will be refunded to you, less the amount of any unpaid bills.

**Disconnection of Service at Customer Request** - Please call SWG at least five (5) working days in advance of the date you wish to have service disconnected. If SWG is not notified, service will continue to be billed to the customer of record.

**DOT Safety Surcharge** - This charge recovers the cost of government mandated pipeline safety programs.

**Electronic Check Conversion** - When a check is provided as payment, SWG is authorized to either use information from the check to make a one-time electronic funds transfer from the account or to process the payment as a check transaction.

**Emergency Service** - In case of an emergency or if you smell natural gas, call SWG: Phoenix/Central Arizona 1-800-528-4277, Tucson/Southern Arizona 1-800-722-4277, Bullhead City, Parker, and Ehrenberg 1-800-447-5422, or dial 911.

**Low Income Residential Discount** - Provides a 30 percent discount to income-qualified customers. This is applied to the first 150 therms of natural gas used each month from November 1 through April 30.

**Notice to Employers** - Request a Material Safety Data Sheet (MSDS) for natural gas by calling Energy Services at 1-800-654-2765 or visiting [www.swgas.com/emergencysafety](http://www.swgas.com/emergencysafety). Please ensure your employees know how to obtain MSDS information.

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**Right of Access and Bill Estimation** - SWG will have the right of access to your premises for any purpose normally connected with the furnishing of natural gas service(s). If SWG is unable to read a meter on the scheduled date because of circumstances beyond its control, SWG will calculate the bill based upon estimated usage for that billing period.

**Service Establishment and Reestablishment Charge** - For each establishment of service there is a charge which appears on the first bill following the establishment of service. This charge partially covers the costs incurred to set up the service and create the account in the SWG billing system. Whenever gas service is turned off because of nonpayment, the delinquent bill, plus a reestablishment charge, must be paid and credit reestablished before service will be restored.

**Special Services** - Every effort will be made to ensure uninterrupted service to residential customers who notify SWG about permanent residents in their household who are seriously ill, disabled, or elderly. Also, in an effort to avoid service being turned off, any residential customer may elect to designate a third party (agency or individual) to receive a copy of all Disconnect Notices.

**Usage Charge** - Usage charges recover the cost of delivering natural gas which is not recovered in the Basic Service Charge, and the cost of natural gas purchased by SWG on behalf of our customers.

Should you believe you have been billed incorrectly, please contact SWG at our toll-free number (llamada gratis) 1-877-860-6020. If you thereafter wish to dispute this bill, you should pay the undisputed portion of the bill and notify SWG that the amount unpaid is in dispute. Service will be continued pending investigation by SWG. Upon notification by SWG of its investigation results, you may pay the amount due within five (5) working days to prevent discontinuance of service. If the dispute is not resolved, you should submit a written statement of the facts of the dispute to the Arizona Corporation Commission at 1200 West Washington Street, Phoenix, Arizona 85007 (602) 542-4251 or toll-free 1-800-222-7000, or 400 West Congress Street, Suite 218, Tucson, Arizona 85701 (520) 628-6550 or toll-free 1-800-535-0148.

Calc of "Weather Adjustment" - Formula?  
(or see for \$10.55 in small claims)  
Superv - Not simple multiple of (72) Therms  
72T → 15T ADJ  
So, if 100T → 21T ADJ = \$14.77 (A hard much typing)

21-90-20  
02-06-12

13-0327



SOUTHWEST GAS CORPORATION

Customer Assistance  
Asistencia al Cliente  
Toll Free/Llamada Gratis  
1-877-860-6020

PO Box 98890  
Las Vegas NV 89193-8890

Hearing Impaired: Dial 711  
www.swgas.com

QMFBTFSFUBJOUJUPQOPSUPQGPS7PVS'SFDPSET

RICHARD GAYER  
526 W WILSHIRE DR  
PHOENIX AZ 85003-1029

~~27~~ Feb 2012  
**DUPLICATE**

Tf sxd f lBee f tt; 526 W WILSHIRE DR 85003  
Sb f lT d f e v r h; 010/G-5 RESIDENTIAL GAS SERVICE  
Zpvs lM p d b r t P g l d f l J l l 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| BDDPVOUOVNCF5   | DZDMF | EBUFINBJMFE | QBTU'EVFIBGUFS | QMFBTFCBZ'BNPVOUEVF |
|-----------------|-------|-------------|----------------|---------------------|
| 421-0680400-022 | 20    | 02/06/12    | 02/27/12       | \$124.33            |

PREVIOUS BILLING:  
Previous Balance 140.19  
Payment(s) Since Last Bill - Thank You 141.00CR  
Balance Forward \$0.81CR

CURRENT BILLING: 29 Days  
Meter Reading: Current 379 - Previous 306 = 73 X  
Billing Factor .9846 = Total Therms 72

Usage Charges 100.58  
Basic Service Charge 10.70  
DOT Safety Surcharge 0.04  
Applicable Revenue Taxes 13.82

Current Bill \$125.14

*Big Deer in Therms*  
*But Small deer in \$ Amount*  
*Covers Jan 20 12*  
*Not Itemized*

\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

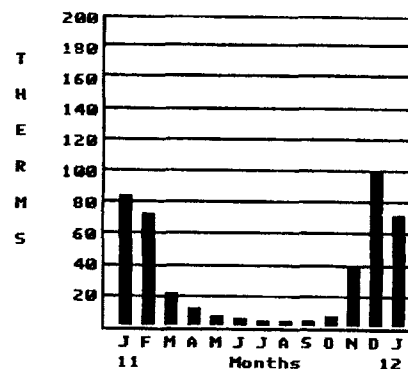
**Due on or before: 02/27/12 Amount due: \$124.33**

Important Messages:

Your next meter read date is: Mar. 05, 2012

THE SOUTHWEST GAS CALL CENTER RECEIVES ITS HEAVIEST CALL VOLUME ON MONDAYS. WITH MYACCOUNT, YOU CAN MANAGE YOUR ACCOUNT ONLINE AND SAVE TIME. THIS CONVENIENT SERVICE MAKES PAYING YOUR BILL A SNAP. AND, IF YOU EVER NEED TO TRANSFER OR STOP SERVICE, IT'S EASY TO DO ONLINE. GO TO SWGAS.COM TO CREATE YOUR MYACCOUNT TODAY.

| Gas Usage History Information: |               |   | Avg Daily | Avg Monthly |
|--------------------------------|---------------|---|-----------|-------------|
|                                | Therms / Days | = | Therms    | Temperature |
| This Month                     | 72 / 29       | = | 2.48      | 57          |
| Last Month                     | 100 / 33      | = | 3.03      | 56          |
| Last Year                      | 83 / 29       | = | 2.86      | 56          |



| Qsf w p v t<br>Cbrbdf | Obzn fou'<br>Bekun fou | Cbrbdf<br>Gpsx bse | Dvss fou<br>Cjrm | Dvss fou<br>Cbrbdf | BNPVOU<br>EVF |
|-----------------------|------------------------|--------------------|------------------|--------------------|---------------|
| 140.19                | - 141.00               | = 0.81CR           | + 125.14         | = 124.33           | \$124.33      |

QMFBTFTFFISFWSTFTITJF!GPS!SVMFTBOE!SFHVMBUPOT!!!!SFUVSOICPUUPNIQPSUPQIXJJI!QBZNFOW

13-0327

10 Year  
Avg by Month & Day  
Verify Gas Bill, and Bill  
Director  
2006  
jerich@azruco.gov

✓ Consumer SW - AZCC - 602-542-4251  
**SOUTHWEST GAS CORPORATION**

210205120242980101000100010

PO Box 98890  
Las Vegas NV 89193-8890



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**1-877-860-6020**

Hearing Impaired: Dial 711  
www.swgas.com

PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS



RICHARD GAYER  
526 W WILSHIRE DR  
PHOENIX AZ 85003-1029

Service Address: 526 W WILSHIRE DR  
Rate Schedule: 010/G-5 RESIDENTIAL GAS SERVICE

Your Local Office Is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

Prles of  
RUCO 1110W, Wash  
#220  
364-4835  
cfraylob@azruco.gov  
(Ofc Mgr)

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|-----------------|-------|-------------|----------------|-----------------------|
| 421-0680400-022 | 20    | 02/06/12    | 02/27/12       | \$124.33              |

PREVIOUS BILLING:  
Previous Balance  
Payment(s) Since Last Bill - Thank You

Balance Forward

CURRENT BILLING: 29 Days  
Meter Reading: Current Feb. 01 379 - Previous Jan. 03 306 = 73 X

Usage Charges  
Basic Service Charge  
DOT Safety Surcharge  
Applicable Revenue Taxes

Wells Check 3050

100.58  
10.70  
0.04  
13.82

Current Bill

13 Feb 2012 \$125.00

\$125.14

Usage Charges incl more than Therms - (COVERS)  
Add Gas purchased by SWG - (Jan 2012)

Dely chg. 50.63 (72 X .703)

Rate Adj (4.64/Credit)

Gas Cost 44.04 (72 X .611670)

\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

Decoupling / Weather Adj 15 X .703 = 10.55

Due on or before: 02/27/12 Amount due: \$124.33

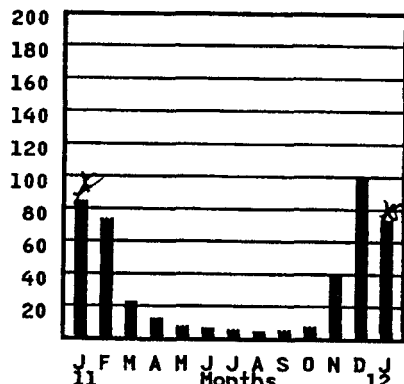
Important Messages:

Your next meter read date is: Mar. 05, 2012

THE SOUTHWEST GAS CALL CENTER RECEIVES ITS  
HEAVIEST CALL VOLUME ON MONDAYS. WITH MYACCOUNT,  
YOU CAN MANAGE YOUR ACCOUNT ONLINE AND SAVE TIME.  
THIS CONVENIENT SERVICE MAKES PAYING YOUR BILL A  
SNAP. AND, IF YOU EVER NEED TO TRANSFER OR STOP  
SERVICE, IT'S EASY TO DO ONLINE. GO TO SWGAS.COM  
TO CREATE YOUR MYACCOUNT TODAY.

Gas Usage History Information:

|  | This Month | Last Month | Last Year | Therms / Days | Avg Daily Therms | Avg Monthly Temperature |
|--|------------|------------|-----------|---------------|------------------|-------------------------|
|  | 72         | 100        | 83        | 29            | 2.48             | 57                      |
|  |            | 33         |           |               | 3.03             | 56                      |
|  |            | 29         |           |               | 2.86             | 56                      |



| Previous Balance | Payments & Adjustments | Balance Forward | Current Bill | Current Balance | AMOUNT DUE |
|------------------|------------------------|-----------------|--------------|-----------------|------------|
| 140.19           | - 141.00               | = 0.81CR        | + 125.14     | = 124.33        | \$124.33   |

PLEASE SEE REVERSE SIDE FOR RULES AND REGULATIONS • RETURN BOTTOM PORTION WITH PAYMENT





**SOUTHWEST GAS CORPORATION**

210306120248150101000000010

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Las Vegas NV 89193-8890

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PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS



RICHARD GAYER  
526 W WILSHIRE DR  
PHOENIX AZ 85003-1029

*1 Feb thru 5 Mar*

Service Address: 526 W WILSHIRE DR

85003

Rate Schedule: 010/G-5 RESIDENTIAL GAS SERVICE

Your Local Office Is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|-----------------|-------|-------------|----------------|-----------------------|
| 421-0680400-022 | 20    | 03/07/12    | 03/26/12       | \$99.18               |

PREVIOUS BILLING:  
Previous Balance  
Payment(s) Since Last Bill - Thank You

124.33  
125.00CR

Balance Forward

\$0.67CR

CURRENT BILLING: 33 Days  
Meter Reading: Current Mar 05 437 - Previous Feb 01 379 = 58 X .9856 = 57

Delivery Charge 57 Therms X .703140 = 40.08  
Rate Adjustment Total Therms X .064490 = 3.68CR

DOT Safety Surcharge Total Therms X .000500 X 29/33 Days  
DOT Safety Surcharge Total Therms X .001650 X 4/33 Days

0.04

Monthly Gas Cost Total Therms X .607960 = 34.65  
Monthly Weather Adj 10 Therms X .703140 = 7.03  
Basic Service Charge 10.70  
Applicable Revenue Taxes 11.03

Current Bill

\$99.85

*Wells 5061  
12 Mar 2012*

*\$100.00  
Protect Weather  
Adj*

\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

**Due on or before: 03/26/12**

**Amount due: \$99.18**

Important Messages:

Your next meter read date is: Apr. 03, 2012

SAVE TIME. SAVE TREES.

PAPERLESS BILLING IS FAST AND EASY,

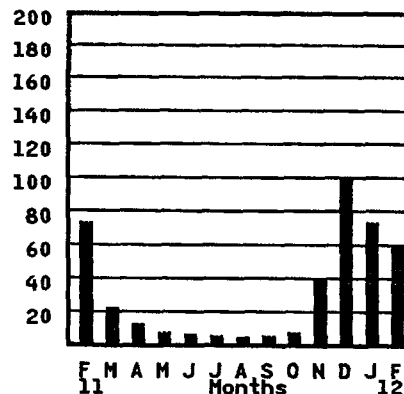
AND HELPS TO REDUCE PAPER CLUTTER.

SIGN UP AT SWGAS.COM TODAY.

Gas Usage History Information:

|            | Therms | Days | = | Avg Daily Therms | Avg Monthly Temperature |
|------------|--------|------|---|------------------|-------------------------|
| This Month | 57     | 33   | = | 1.73             | 61                      |
| Last Month | 72     | 29   | = | 2.48             | 58                      |
| Last Year  | 72     | 30   | = | 2.40             | 59                      |

THERMS



| Previous Balance | Payments & Adjustments | Balance Forward | Current Bill | Current Balance | AMOUNT DUE |
|------------------|------------------------|-----------------|--------------|-----------------|------------|
| 124.33           | - 125.00               | = 0.67CR        | + 99.85      | = 99.18         | \$99.18    |

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**SOUTHWEST GAS CORPORATION**

13-0327

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Hearing Impaired: Dial 711  
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PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS

RICHARD GAYER  
526 W WILSHIRE DR  
PHOENIX AZ 85003-1029

*Covers*  
*MARCH* **DUPLICATE**

Service Address: 526 W WILSHIRE DR 85003  
Rate Schedule: 010/G-5 RESIDENTIAL GAS SERVICE  
Your Local Office Is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|-----------------|-------|-------------|----------------|-----------------------|
| 421-0680400-022 | 20    | 04/04/14    | 04/23/14       | \$41.22               |

**PREVIOUS BILLING:**  
Previous Balance 99.05  
Payment(s) Since Last Bill - Thank You 100.00CR  
Balance Forward \$0.95CR

**CURRENT BILLING:** 28 Days  
Meter Reading: Current Apr. 02 1147 - Previous Mar. 05 1132 = 15 X .9973 = 15  
Delivery Charge 15 Therms X .703140 = 10.55  
Rate Adjustment Total Therms X .018570 X 26/28 Days  
Rate Adjustment Total Therms X .020780 X 2/28 Days = 0.28  
DOT Safety Surcharge Total Therms X .001170 = 0.02  
Monthly Gas Cost Total Therms X .480180 = 7.20  
Eep Rate Total Therms X .003870 = 0.06CR  
Monthly Weather Adj 13 Therms X .703140 = 9.14  
Basic Service Charge 10.70  
Applicable Revenue Taxes 4.34

Current Bill \$42.17

*This Bill*  
*Bill Dated 03/07* 9.14 13 Therms  
*02/04* 22.50 32th  
*01/08* 17.58 25th  
*12/05/13* 6.33 9th  
5.63 8th

\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

**Due on or before: 04/23/14 Amount due: \$41.22**

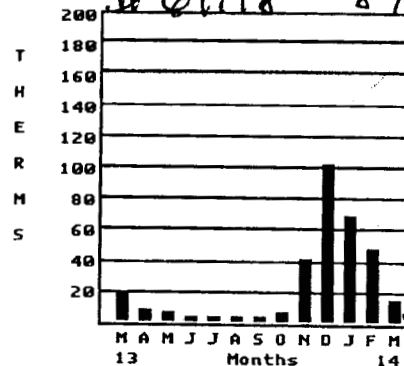
Important Messages:

Your next meter read date is: May 02, 2014

IT'S EASY TO PAY YOUR BILL ON TIME! WITH OUR AUTOMATIC AND EQUAL PAYMENT PLANS, RESIDENTIAL CUSTOMERS CAN EASILY PAY THEIR BILL ON TIME EVERY MONTH AND MANAGE THEIR BUDGET. PAPERLESS BILLING HELPS SAVE POSTAGE AND DECREASES PAPER CLUTTER. JUST CLICK ON SWGAS.COM TO GET STARTED TODAY.

**Gas Usage History Information:**

|            | Therms / Days = | Avg Daily Therms |
|------------|-----------------|------------------|
| This Month | 15 28           | 0.54             |
| Last Month | 48 33           | 1.45             |
| Last Year  | 20 28           | 0.71             |



*March*

| Previous Balance | Payments & Adjustments | Balance Forward | Current Bill | Current Balance | AMOUNT DUE |
|------------------|------------------------|-----------------|--------------|-----------------|------------|
| 99.05            | - 100.00               | = 0.95CR        | + 42.17      | = 41.22         | \$41.22    |

PLEASE SEE REVERSE SIDE FOR RULES AND REGULATIONS • RETURN BOTTOM PORTION WITH PAYMENT

Your monthly donation to Energy Share provides emergency aid to neighbors in need. Select an amount listed below and the Salvation Army will do the rest.

*Letter to Editor 5/15*

*32-924 (A)(5) (65)*

*04-7-902 Unpaid Cond*

*(5) = Records (7) = release to patients - 10 Days*

13-0327



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Las Vegas NV 89193-8890

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www.swgas.com

PLEASE RETAIN THIS TOP PORTION FOR YOUR RECORDS

RICHARD GAYER  
526 W WILSHIRE DR  
PHOENIX AZ 85003-1029

*Covers April*  
**DUPLICATE**

Service Address: 526 W WILSHIRE DR 85003  
Rate Schedule: 010/G-5 RESIDENTIAL GAS SERVICE  
Your Local Office Is 2200 N CENTRAL, STE 101, PHOENIX AZ 85004

| ACCOUNT NUMBER  | CYCLE | DATE MAILED | PAST DUE AFTER | PLEASE PAY AMOUNT DUE |
|-----------------|-------|-------------|----------------|-----------------------|
| 421-0680400-022 | 20    | 05/06/14    | 05/27/14       | \$24.93               |

**PREVIOUS BILLING:**  
Previous Balance 41.22  
Payment(s) Since Last Bill - Thank You 42.00CR  
Balance Forward \$0.78CR

**CURRENT BILLING:** 30 Days  
Meter Reading: Current May 02 1156 - Previous Apr 02 1147 = 9 X  
Billing Factor 1.0031 = 9 X  
Total Therms 9

|                          |                |                      |        |
|--------------------------|----------------|----------------------|--------|
| Delivery Charge          | 9 Therms X     | .703140 =            | 6.33   |
| Rate Adjustment          | Total Therms X | .020780 X 28/30 Days |        |
| Rate Adjustment          | Total Therms X | .026300 X 2/30 Days  |        |
| Total Rate Adjustment    |                |                      | 0.19   |
| DOT Safety Surcharge     | Total Therms X | .001170 =            | 0.01   |
| Monthly Gas Cost         | Total Therms X | .494620 =            | 4.45   |
| Fee Rate                 | Total Therms X | .003870 =            | 0.03CR |
| Monthly Weather Adj      | 2 Therms X     | .703140 =            | 1.41   |
| Basic Service Charge     |                |                      | 10.70  |
| Applicable Revenue Taxes |                |                      | 2.65   |

Current Bill \$25.71

*Actual HDD = 5 (0 in May) MWA 2 Five Mos 61.18 87T  
This " 1.41 2T*

\*\*\* Sign up for paperless billing at www.swgas.com \*\*\*

**Due on or before: 05/27/14 Amount due: \$24.93**

Important Messages:  
Your next meter read date is: June 03, 2014

SIGN UP TO RECEIVE A TEXT MESSAGE DURING A NATURAL GAS INTERRUPTION IN YOUR AREA BY VISITING SWGAS.COM, THROUGH MY ACCOUNT, OR BY CALLING CUSTOMER ASSISTANCE AT 877-860-6020.

**Gas Usage History Information:**

|            |                 |                  |
|------------|-----------------|------------------|
|            | Therms / Days = | Avg Daily Therms |
| This Month | 9 30            | 0.30             |
| Last Month | 15 28           | 0.54             |
| Last Year  | 9 30            | 0.30             |

*140  
120  
360  
+20  
+500/4*

**Bar Chart:** THERMS PER MONTH (T, H, E, R, M, S) vs Months (A, M, J, J, A, S, O, N, D, J, F, M, A, 13, 14)

| Previous Balance | Payments & Adjustments | Balance Forward | Current Bill | Current Balance | AMOUNT DUE |
|------------------|------------------------|-----------------|--------------|-----------------|------------|
| 41.22            | - 42.00                | = 0.78CR        | + 25.71      | = 24.93         | \$24.93    |

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Your monthly donation to Energy Share provides emergency aid to neighbors in need. Select an amount listed below and the Salvation Army will do the rest.

13-0327



aps.com

Your electricity bill  
June 17, 2014

Richard Gayer

Your account number  
105474287

Your service plan: Standard Rate

Meter number: W65090

Meter reading cycle: 11

## Charges for electricity services

### Cost of electricity you used

|  |          |
|--|----------|
| Customer account charge                      | \$2.02   |
| Delivery service charge                      | \$24.17  |
| Environmental benefits surcharge             | \$5.76   |
| Federal environmental improvement surcharge  | \$0.02   |
| System benefits charge                       | \$2.66   |
| Power supply adjustment*                     | \$1.39   |
| Metering*                                    | \$2.88   |
| Meter reading*                               | \$1.98   |
| Billing*                                     | \$2.24   |
| Generation of electricity*                   | \$77.90  |
| Federal transmission and ancillary services* | \$4.65   |
| Federal transmission cost adjustment*        | \$6.27   |
| LFQR adjustor                                | \$1.25   |
| Cost of electricity you used                 | \$133.19 |

### Taxes and fees

|   |          |
|---|----------|
| Regulatory assessment                   | \$0.31   |
| State sales tax                         | \$7.63   |
| County sales tax                        | \$0.95   |
| City sales tax                          | \$3.68   |
| Franchise fee                           | \$2.67   |
| Cost of electricity with taxes and fees | \$148.43 |

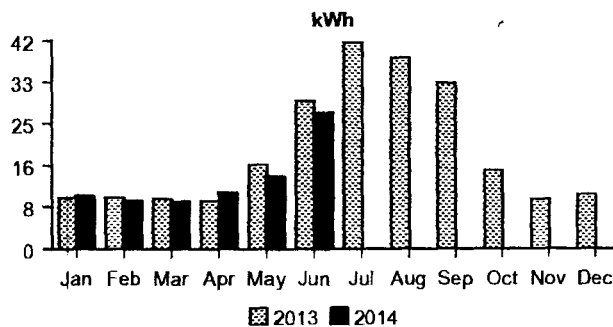
**Total charges for electricity services \$148.43**

\* These services are currently provided by APS but may be provided by a competitive supplier.

## Amount of electricity you used

|                                    |       |
|------------------------------------|-------|
| Meter reading on Jun 17            | 26131 |
| Meter reading on May 16            | 25236 |
| Total electricity you used, in kWh | 895   |

## Average daily electricity use per month



## Comparing your monthly use

|                             | This month | Last month | This month last year |
|-----------------------------|------------|------------|----------------------|
| Billing days                | 32         | 29         | 32                   |
| Average outdoor temperature | 89°        | 78°        | 90°                  |
| Your total use in kWh       | 895        | 437        | 969                  |
| Your average daily cost     | \$4.63     | \$2.35     | \$5.04               |



**richard gayer**

13-0327

**From:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**To:** <rgayer@cox.net>  
**Sent:** Friday, January 04, 2013 8:52 AM  
**Subject:** Fwd: Re: Here we Go Again (Weather Adjustment - November Bill in Error)



>>> Brooks Congdon 1/2/2013 10:11 AM >>>  
 Richard,

I was enjoying a few days of vacation and just saw your e-mail today. I'd like to review the calculation of your bill, and will call you after we confirm the calculation of your bill. I expect that will be later today or Thursday.

Meanwhile, do remember there are two separate components to the Energy Efficiency Enabling Provision of our tariff. The monthly weather adjustment component described on Sheets 92-93, and the Annual Component described on Sheets 94-95. The monthly margin-per-customer amounts reflected on sheets 94 and 95 are the dollar amounts per customer the Company retains after all is said and done.

The monthly weather adjustment actually includes 2 separate mitigators in addition to the calculations set forth on Sheets 92-93 to help ensure that customers do not receive therm adjustments in excess of their weather-related change in use. The 1st mitigator is a regression analysis performed for each individual customer. The 2nd mitigation is that no customer's therm adjustment will exceed the actual meter use for the month. The monthly therm adjustment is the lessor of the amount calculated per Sheets 92-93, the regression or the actual metered use. I will discuss the mitigators in more detail with you, if you like, when I call.

As far as your December bill, it appears the Monthly Weather Adj was limited by the regression analysis of your monthly use. The net result including the Annual Component is as follows.....

Your December Bill

|                     |         |
|---------------------|---------|
| Delivery Charge     | \$21.80 |
| Monthly Weather Adj | 9.14    |
| Basic Charge        | 10.70   |
| Total               | \$41.64 |

Authorized (pg 94) \$39.58

Annual Component -\$2.06

If you had been charged a weather adjustment of 56 therms rather than 13 therms, your December bill would have been \$71.88 (\$21.80 + 39.38 [56 x \$.70314] + 10.70) which would have been \$32.30 greater than the authorized amount of \$39.58. Also, it is interesting with the regression limiting your weather adjustor to 13 therms, that your December bill was very close the authorized amount of \$39.58.

Let me know if you have any other questions. Otherwise, I will talk to you soon. Brooks.

Brooks Congdon  
 Manager/Pricing & Tariffs  
 SOUTHWEST GAS CORPORATION  
 Office (702) 364-3313 Fax (702) 222-1475  
 EMAIL: [brooks.congdon@swgas.com](mailto:brooks.congdon@swgas.com)

**richard gayer**

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Thursday, January 10, 2013 11:30 AM  
**Subject:** Regression and Weather Adjustment

Mr. Congdon:

Two questions:

1. What "coefficients" have been applied so far to my bills that were subject to a weather adjustment in the winter season of 2012-2013? (If I understand "your" process correctly, this probably covers bills issued in November and December 2012 and in January 2013.)
2. To what were these coefficients applied? That is, to the "variance" itself, or something else?

(So far, I have *estimated* the coefficient for the bill dated "12/05/12" at about 0.3 therms per HHD. What coefficient did "you" use?))

Thank you.

Richard Gayer, Phoenix

**richard gayer**

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Friday, January 11, 2013 10:26 AM  
**Subject:** Weather Regression and Base Usage?

Mr. Congdon:

Sorry, but I forgot one last question for now:

In comparing HDDs with Therms in the regression analysis, do we subtract the "base" usage from the therms billed for each month?

Thanks again for your help.

Richard Gayer, Phoenix

7/27/2014

**richard gayer**

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Wednesday, January 16, 2013 8:09 AM  
**Subject:** Regression Progress -- Need Actual HDDs Used by SWGas

Mr. A. Brooks Congdon:

I have been progressing with the regressing very well, but cannot obtain "your" coefficients. I got 0.21 where "you" got 0.25 for my bill dated January 2013. That is most likely because I cannot obtain the actual temperatures (and HDDs) that are used by SWGas. I use data from NOAA, but "you" get "your" data from some proprietary service. Therefore, I need that data, and am willing to pay a reasonable price for it (if necessary).

In the past, you said something about furnishing that data to me. If possible, please do so later this week. I also recall that you mentioned furnishing a sample calculation of the "coefficient" that SWGas uses. I would also appreciate receiving a copy of such a sample.

Note: I first performed the analyses for the correlation coefficient (not directly useful) and the regression (straight) line using an ordinary arithmetic calculator. It took about an hour. I then found my old Sharp scientific calculator and discovered that it has a "STAT" mode that I never used before. I simply entered each of the eight points (x=HDDs, y=therms) and then pressed buttons on the calculator marked "r", "a" and "b". I got  $r=0.98$ ,  $a=0.21$  and  $b=26$ , identical to the results I obtained by "hand". That process took about one minute. If only I had the "actual" HDDs used by SWGas!

Thank you again for all of your assistance.

Richard Gayer



richard gayer

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Monday, January 21, 2013 9:42 AM  
**Subject:** Regression -- Monthly Consumption Data Not All Mine!

Mr. A. Brooks Congdon:

Thank you for the data you sent me last Friday. I hope your legs are still working after the skiing trip! Regarding my weekend, in addition to activities not suitable for transmission over the internet, I made great progress in understanding the use of "regression" as applied to bills from SWGas.

Unfortunately, your "Monthly Consumption" data does NOT match the therm data on my bills from SWGas. The numbers seem to be mixed up. Here is the comparison for the December 2012 bill:

|                           |                |              |                |               |
|---------------------------|----------------|--------------|----------------|---------------|
| March 2012<br>(from NOAA) | Your Data = 32 | My Bill = 57 | Your HDDs = 55 | My HDDs = 149 |
| February 2012<br>161      | 57             | 72           |                |               |
| January 2012              | 72             | 100          | 199            | 362           |
| December 2011             | 100            | 40           | 356            | 78            |
| March 2011<br>(from NOAA) | Your Data = 21 | My Bill = 72 | Your HDDs = 23 | My HDDs = 256 |
| February 2011             | 72             | 83           | 242            | 258           |
| January 2011              | 83             | 77           | 247            | 217           |
| December 2010             | 77             | 43           | 238            | 146           |

Your equation  $y(\text{therms}) = 18.6 + 0.24 \cdot x(\text{HDDs})$

My equation  $y(\text{therms}) = 22.1 + 0.22 \cdot x(\text{HDDs})$

It seems to me that the approach of SWGas in this area is far from optimum. The question to be answered by the regression analysis is as follows: "If the weather had been normal as to HDDs, how many **total** therms would Gayer have used?" Therefore, I would simply enter the graph (straight line) or equation (see above) with the "normal" HDD value for the "cycle" (month) and the observe or calculate the resulting therms. The difference between that value and the metered value (here, 31 therms for December 2012) would be the "Weather Adjustment".

My regression result (from the equation above) is 40 therms; from your equation it is 38 therms. Therefore, "my" Weather Adjustment is 9 therms and "yours" is 7. (The Adjustment on my bill is 13 therms.)

(The "graph (straight line)" mentioned above is produced by a statistical supplement to a calculator "app" called "Calc Pro HD". I bought the supplement for \$0.99 for my iPad. The "app" itself may have been free.)

Do you ever travel to Phoenix for SWGas business? If so, we could meet in the SWGas office at 2200 North Central Avenue, which is within walking distance of my house.

Thank you for your continuing assistance.

Richard Gayer

7/27/2014

**richard gayer**

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Tuesday, February 05, 2013 9:08 AM  
**Subject:** It's That Time of the Month Again (ACTUAL Heating Degree Days for January?)

Mr. Congdon:

I just retrieved my "February" bill dated "02/05/13" from SWGas' website and now need the *Actual* HDDs used by SWGas to calculate my Monthly Weather Adjustment. I hope you can send these data to me in the next few days (later this week). My "February" includes only 28 days, *all* of them in January.

Thank you for your continuing assistance.

Richard Gayer

richard gayer

13-0327

**From:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**To:** "Richard Gayer" <rgayer@cox.net>  
**Sent:** Tuesday, February 05, 2013 12:27 PM  
**Subject:** Re: It's That Time of the Month Again (ACTUAL Heating Degree Days for January?)

I'll get you that data shortly. Also, in your last e-mail about the HDDs for the regression, I think the problem with months matching was that I put the wrong monthly title in my spread sheet. In other words what I labeled as December would have matched your January bill. You probably already figured that out, but if not try adjusting the monthly data and it should match what you expected. Talk to you soon. Brooks.

>>> "Richard Gayer" <rgayer@cox.net> 2/5/2013 8:08 AM >>>

Mr. Congdon:

I just retrieved my "February" bill dated "02/05/13" from SWGas' website and now need the **Actual** HDDs used by SWGas to calculate my Monthly Weather Adjustment. I hope you can send these data to me in the next few days (later this week). My "February" includes only 28 days, **all** of them in January.

Thank you for your continuing assistance.

Richard Gayer

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*Thank you for your cooperation.*

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**richard gayer**

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Monday, February 11, 2013 8:13 AM  
**Subject:** Actual HDDs or Average Temperatures for December 2012 and January 2013 (also regression)  
Mr. A. Brooks Congdon:

I have not yet received from you the ACTUAL HDDs (or Actual average temperatures) for each *day* of December 2012 and January 2013 that SWGas used to calculate my Monthly Weather Adjustment for those two months. (For December you sent me only the overall total results for that month.) I hope that you will send me the requested *daily* temperature or HDD data (your choice) to me before this coming Thursday.

Thanks to you and SWGas for the negative Monthly Weather Adjustment on my bill dated 02/05/13. Using data available to me (SWGas' ten-year average temperatures and NOAA's actual temperatures), I calculated a "variance" of minus 102 degree days and a credit of 29 therms based on the formula in the tariff. Applying regression, I obtained a coefficient of 0.22 for a credit of 22 therms. Alas, SWGas gave me a credit for only 19 therms. It's only petty cash, but why not follow the tariff and do it right? (By the way, does "regression" or anything like it appear anywhere in the tariff?)

I hope to hear from you soon.

Richard Gayer

7/27/2014

**richard gayer**

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Tuesday, February 12, 2013 9:35 AM  
**Subject:** Data for December 2012?

Mr. Congdon:

Thank you for the data applicable to my bill dated in February 2013. I need the same type of data -- ACTUAL HDDs for each day of the billing period -- for my previous bill dated 01/07/13 (which covers November 30th to January 3rd) for 98 therms (coincidentally) the same amount of therms as the "February" bill. I hope that you can send me these data by this Friday 15 February.

However, I am confused by the monthly listing in the left-hand column under MWA Regression Analysis. It seems that "January" corresponds to my bill dated in February, that "December" corresponds to my bill dated in January, etc., etc. In addition, I thought that the regression analysis uses the eight selected months that PRECEDE the current bill. The analysis you just sent me goes back only SEVEN months. Can you clear up my confusion?

By the way, what is the meaning of "CSS Screen 21-69" that appears at the top of the chart for "HEATING DEGREE DAY" that you just sent me.

Thank you again for all of your assistance.

Richard Gayer

(With all of the current electrical power failures in the Northeast and elsewhere, I think we should consider powering almost everything from natural gas by installing small gas turbines in all housing and using them to generate both electricity and heat. Even without such a major change, we (largely your employer) can still promote and encourage the use of gas stoves, gas water heaters, and gas clothes dryers. For romantic purposes, we might even consider some gas lights?)

richard gayer

13-0327

**From:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**To:** "Richard Gayer" <rgayer@cox.net>  
**Sent:** Wednesday, February 13, 2013 10:46 AM  
**Attach:** img-213092406-0001\_1.pdf  
**Subject:** Re: Data for December 2012?  
 Richard,

You are correct that in the left-hand column under Regression Analysis, the line labeled January corresponds to your February bill, and so on for the other months. I was fooled by that initially myself, which is why I told you the regression used 8 months preceding your current bill. It actually uses the month of your current bill and the 7 months preceding the current bill.

I attached a file with HDDs for the days in your January billing cycle. The reference to CSS screen 21-69 (I believe) is simply mapping to where the data is stored in the Company's mainframe computer system. I do not actually go into the mainframe but use a software we call Discover to extract the HDD data.

I'll be out of the office for the next several days, but will try to answer any further questions you have when I get return. Brooks.

>>> "Richard Gayer" <rgayer@cox.net> 2/12/2013 8:35 AM >>>  
 Mr. Congdon:

Thank you for the data applicable to my bill dated in February 2013. I need the same type of data -- ACTUAL HDDs for each day of the billing period -- for my previous bill dated 01/07/13 (which covers November 30th to January 3rd) for 98 therms (coincidentally) the same amount of therms as the "February" bill. I hope that you can send me these data by this Friday 15 February.

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By the way, what is the meaning of "CSS Screen 21-69" that appears at the top of the chart for "HEATING DEGREE DAY" that you just sent me.

Thank you again for all of your assistance.

Richard Gayer

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7/27/2014

**richard gayer**

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Sunday, March 03, 2013 3:29 PM  
**Subject:** Actual Daily Temperatures (or HDDs) for Phoenix (Maricopa County Weather Stations)

Mr. A. Brooks Congdon:

I have learned how to read and analyze temperature data from the 134 or so weather stations in Maricopa County used by the Maricopa County Flood Control District (MCFCD, see [www.fcd.maricopa.gov/Rainfall/Weather/weather.aspx](http://www.fcd.maricopa.gov/Rainfall/Weather/weather.aspx)). So far, I have NOT found any that match your SWGas data for December 2012 close enough to be useful. (Note that to perform data comparisons, a person has to calculate mean or average temperatures from the HDDs used by SWGas.)

The three stations closest to Central Phoenix are known as "Gateway Community College", "Durango Complex" (data seems closest to those used by SWGas) and "Osborn @ 64th St.". Unfortunately, there are substantial differences between the data used by SWGas and the data from the MCFCD. (Note that when there are ZERO (0) HDDs in the SWGas data, it is not possible to compare these two sources of data.)

Therefore, it seems that I will remain dependent upon actual data for HDDs (or temperatures) from you at SWGas for the foreseeable future, or at least until the next rate case (which I believe will be in 2016).

Thanks again for all of your help.

Richard Gayer in Phoenix  
602-229-8954  
("Burn Those Therms!!")

**richard gayer**

13-0327

**From:** "Richard Gayer" <rgayer@cox.net>  
**To:** "Brooks Congdon" <Brooks.Congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Sunday, March 17, 2013 8:18 AM  
**Subject:** HDDs for February 2013?

Mr. Congdon:

I have not yet received from your office the Actual HDDs that SWGas used for February 2013. My previous message to you of March 3, 2013 is reproduced below for your convenience between the asterisks.

Thank you for your assistance.

Richard Gayer  
 602-229-8954

\*\*\*\*\*

Mr. A. Brooks Congdon:

I have learned how to read and analyze temperature data from the 134 or so weather stations in Maricopa County used by the Maricopa County Flood Control District (MCFCD, see [www.fcd.maricopa.gov/Rainfall/Weather/weather.aspx](http://www.fcd.maricopa.gov/Rainfall/Weather/weather.aspx)). So far, I have NOT found any that match your SWGas data for December 2012 close enough to be useful. (Note that to perform data comparisons, a person has to calculate mean or average temperatures from the HDDs used by SWGas.)

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Richard Gayer in Phoenix  
 602-229-8954

("Burn Those Therms!!")

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richard gayer

13-0327

From: "Brooks Congdon" <Brooks.Congdon@swgas.com>  
 To: "Richard Gayer" <rgayer@cox.net>  
 Sent: Monday, March 18, 2013 12:08 PM  
 Subject: Re: HDDs for February 2013?

Richard,

I'll get the HDDs for your last bill in the next day or 2. Promise. Been busy on other projects and today the person who can obtain some the information you need is not in. Sorry for the delay. Brooks.

>>> "Richard Gayer" <rgayer@cox.net> 3/17/2013 8:18 AM >>>

Mr. Congdon:

I have not yet received from your office the Actual HDDs that SWGas used for February 2013. My previous message to you of March 3, 2013 is reproduced below for your convenience between the asterisks.

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Richard Gayer  
 602-229-8954

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7/27/2014

**richard gayer**

13-0327

**From:** "richard gayer" <rgayer@cox.net>  
**To:** <brooks.congdon@swgas.com>  
**Cc:** <rgayer@aol.com>  
**Sent:** Monday, May 27, 2013 9:05 AM  
**Subject:** Actual HDDs for Calendar March and April

Mr. Congdon:

I have not yet received the Actual HDDs used by SWGas for the calendar months of March and April (my bill dates in early April and May) 2013.

For calendar April (my bill date 05/07/2013, the federal government (NOAA) reported that there were zero HDDs in April 2013, but SWGas charged me a weather adjustment fee for two therms despite your statement to the contrary.

Please send me the requested data at your earliest convenience.

Richard Gayer